



## **SPECIAL COUNCIL MEETING**

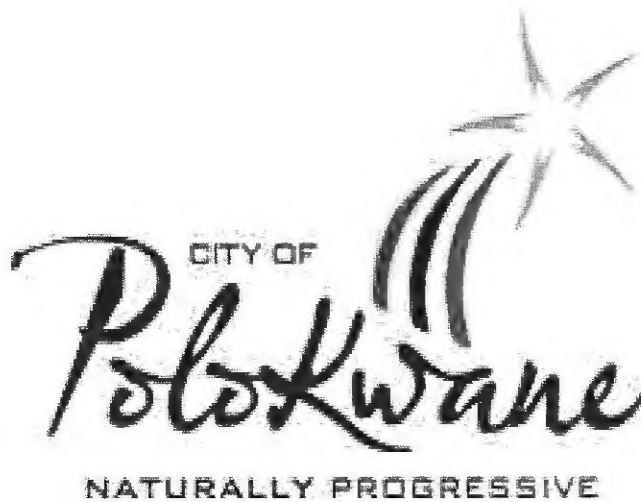
### **ANNEXURE A 1**

## **2019/20 FINANCIAL YEAR BUDGET RELATED POLICIES**

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## CASH MANAGEMENT AND INVESTMENT POLICY



**DRAFT**

**2019/2020**

## PREAMBLE

**Whereas** section 13 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) determines that a municipality must introduce appropriate and effective investment arrangements;

**And whereas** a municipality must disclose its investment details;

**And whereas** councillors and officials as trustees of public funds, have an obligation to ensure that cash resources are managed as effectively, efficiently and economically as possible;

**Now therefore** the Polokwane Municipality adopts the following Investment Policy:

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## 1. DEFINITIONS

For the purpose of this policy, unless the context indicates otherwise, any word or expression to which a meaning has been attached in the Act shall bear the same meaning and means: - Section 82 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998) and who is the head of administration and also the Municipal Manager for the Municipality

**Accounting Officer:** A person appointed by the Municipality in terms of Section 82 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998) and who is the head of administration and also the Municipal Manager for the Municipality

**Chief Financial Officer:** An officer of the municipality appointed as the Head of Finance Department and includes any person: - acting in such position; and to whom the Chief Financial Officer has delegated a power, function or duty in respect of such a delegated power, function or duty.

**Council or Municipal Council:** A municipal council referred to in section 18 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998) and for purposes of this policy, the municipal council of the Municipality of Polokwane.

**Councillor:** A member of the Municipal Council.

**Investments:** Funds not immediately required for the defraying of expenses and invested at approved financial institutions.

**Municipal Manager:** The accounting officer appointed in terms of section 82 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998) and being the head of administration and accounting officer in terms of section 55 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) and includes any person: - acting in such position; and to whom the Municipal Manager has delegated a power, function or duty in respect of such a delegated power, function or duty.

**Municipality:** The institution that is responsible for the collection of funds and the provision of services to the customers of Polokwane.

**Public funds:** All monies received by the municipality to perform the functions allocated to them.

**FSP or Investment Manager:** A financial institution tasked with assisting the municipality with investment planning.

## 2. OBJECTIVE OF POLICY

- The objectives of the Investment Policy are: -
- to manage the investments of the municipality in such a manner

- that it will not tie up the municipality's scarce resources required to improve the quality of life of the citizens;
- to manage the investments of the municipality in such a manner
- that sufficient cash resources are available to finance the capital and operating budgets of the municipality; and
- to gain the highest possible return on investments during periods
- when excess funds are not being used, without unnecessary risk.

### **SCOPE OF POLICY**

3.1 The Policy deals with: -

3.2 Responsibility / Accountability;

3.3 Investment instruments;

3.4 Cash flow estimates;

3.5 Investment ethics and principles;

3.6 Investment procedures;

3.7 Other external deposits; and

3.8 Control over investments.

### **3. RESPONSIBILITY / ACCOUNTABILITY**

4.1 The Municipal Manager as the Accounting Officer of the municipality is accountable for investment management.

4.2 The municipal council must approve a policy directing procedures, processes and systems required to ensure efficient and effective management of investments.

4.3 Efficient and effective investment management include: -

- a) Accurately forecasting the institution's cash flow requirements.
- b) Timing of the in- and outflow of cash.
- c) Recognizing the time value of money.
- d) Taking any other action that avoids locking up money unnecessarily and inefficiently.
- e) Avoiding bank overdrafts.

### **5. INVESTMENT INSTRUMENTS**

5.1 The Minister of Provincial and Local Government may with the

concurrence of the Minister of Finance by notice in the Gazette determine instruments or investments other than those referred to below in which Municipality may invest: -

- a) Deposits with banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990);
- b) Securities issued by the National Government;
- c) Investments with the Public Investment Commissioners as contemplated by the Public Deposits Act, 1984 (Act No. 46 of 1984);
- d) A municipality's own stock or similar type of debt; internal funds of a municipality which have been established in terms of a law pool money available to the municipality and to employ such money for the granting of loans or advances to departments within a municipality, to finance capital expenditure;
- e) Bankers' acceptance certificates, negotiable certificates of deposits of banks;
- f) Guaranteed Endowment policies offered by insurance companies in order to meet the redemption fund requirements of municipalities; and
- g) Any other instruments or investments in which a municipality was under a law permitted to invest before the commencement of the Local Government Transition Act, 1996: provided that such instruments shall not extend beyond the date of maturity or redemption thereof.

## **6. CASH FLOW ESTIMATES**

6.1 Before money can be invested, the Municipal Manager must determine whether there will be surplus funds available for the term of the investment.

6.2 In order to be able to make investments for any fixed term, it is essential that cash flow estimates can be drawn up.

6.3 Provision must be made in the cash flow estimates for the operating and capital requirements of the municipality: -

- a) The operating requirements must include provisions for: -

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- (i) Payment of monthly salaries.
- (ii) Payment for bulk purchases of electricity and water.
- (iii) Interest on long-term loans.
- (iv) Maintenance of assets.
- (v) General expenditure.
- (vi) Expected daily and monthly income. b) Capital requirement must provide for: -

(i) The anticipated cash flow requirements for each capital project.

## **7. INVESTMENT ETHICS AND PRINCIPLES**

7.1 The Municipal Manager will be responsible for the investment of funds, and he / she has to steer clear of outside interference, regardless of whether such interference comes from individual councillors, agents or any other institution.

7.2 Under no circumstances may he / she be forced or bribed into making an investment.

7.3 No member of staff may accept any gift unless that gift can be deemed so small that it would not have an influence on his / her work or was not intended to do so, and can merely be seen as goodwill.

7.4 A certificate in respect of any gifts received should be furnished to the Municipality.

7.5 Interest rates offered should never be divulged to another institution.

7.6 Long-term investments should be made with an institution with at least a minimum F rating (where F refers to low risk institutions)

however institutions without a credit rating should be considered in line with sec 217 subsection (1)a and b of the constitution.

7.7 Short-term investments should be made with an institution with at

least a minimum BBB+ rating (where BBB+ refers to higher risk institutions), however institutions without a credit rating should be considered in line with sec 217 subsection (1)a and b of the constitution.

7.9 The maximum amount invested with a financial institution should not exceed 10% of the relevant institution's shareholder's funds (capital and reserves).

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7.10 The municipality may not borrow money specifically for re-

investment, as this would mean interest rates would have to be estimated in advance, which can be seen as speculation with public funds.

7.11 If the Municipal Manager invests with financial institutions, he/she



must ensure that such institutions are registered in terms of the Banks Act, 1990 (Act No. 94 of 1990) and that they are approved financial institutions, as approved by the Reserve Bank of South Africa from time to time.

7.12 When making growth related investments, the Municipal

Manager must obtain a guarantee that at least the capital amount invested is safe, and must exercise due diligence in this regard.

## **8. INVESTMENT PROCEDURES**

After determining whether there is cash available for investment and fixing the maximum term of investment, the Municipal Manager must consider the way in which the investment is to be made.

### **8.1 Short-term Investments:**

a) Quotations should be obtained from a minimum of three financial institutions (local banks), for the term of which the funds will be invested.

b) Should one of the institutions offer a better rate for a term, other than what the municipality had in mind, the other institutions which were approached, should also be asked to quote a rate for the other term.

c) Quotations should be obtained in writing.

d) Quotations from institutions must include the following: -

(i) Name of institution;

(ii) Name of person quoting rates;

(iii) Period of the investment;

(iv) Relevant conditions; and

(v) Other facts, such as interest payable monthly or on maturation date.

e) Once the required number of quotes has been obtained, a decision must be taken regarding the best terms offered and the institution with which funds are going to be invested.

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f) The best offer must under normal circumstances be accepted, with thorough consideration of investment principles.

g) No attempt must be made to make institutions compete with each other as far as their rates and terms are concerned.

h) The investment capital must only be paid over to the institution with which it is to be invested and not to an agent or third party.

- i) The financial institution where the investment is made must issue a confirmation stating the details of the investments.
- j) The Municipal Manager must make sure that the investment document, if issued, is a genuine document and issued by the approved institution.
- k) The municipality must be given a monthly report on all investments.
- l) The Municipal Manager must obtain information from which the creditworthiness of financial institutions can be determined. This must be obtained and analysed annually.

### **8.1.2 INSTITUTIONS WHERE INVESTMENTS MAY BE MADE**

Standard Bank Investment Corporation Ltd.

Investec Limited

First National Bank Ltd.

Nedbank Ltd.

VBS Mutual Bank.

ABSA Bank Ltd.

Rand Merchant Bank Ltd.

### **8.2 Long-term investments:**

- a) Written quotations must be obtained for all investments made for periods longer than twelve months.
- b) The municipal council must approve all investments made for periods longer than twelve months after considering the cash requirement for the next three years.
- c) The municipality must within 30 days after an investment with a term of 12 months or longer has been made, publish in a local newspaper in circulation within its area of jurisdiction, full details of any investments so made.

### **8.3 Withdrawals**

All investment amounts withdrawn and not to be re-invested at the same institution at the time of withdrawal, shall be paid into the primary bank account.

All interest shall be paid into the primary bank account at the time of withdrawal of an investment, irrespective of the capital being re-invested.

## **9. OTHER EXTERNAL DEPOSITS**

The principles and procedures set out above must apply to other investment possibilities subject to the applicable legislation, which is available to the municipality, including debentures and other securities of the state as well as other municipalities or statutory bodies in the Republic of South Africa, instituted under and in terms of any law.

## **10. CONTROL OVER INVESTMENTS**

10.1 An investment register should be kept of all investments made.

The following information must be recorded: -

- a) Name of institution;
- b) capital invested;
- c) date invested;
- d) interest rate;
- e) maturation date;
- f) interest received;
- g) capital repaid; and
- h) balance invested

10.2 The investment register and accounting records must be reconciled on a monthly basis.

10.3 The investment register must be examined on a weekly basis to identify investments falling due within the next week.

10.4 Interest, correctly calculated, must be received timeously, together with any distributable capital.

10.5 Investment certificates, if issued, must be kept in a safe place with dual custody.

10.6 The following documents must be safeguarded: -

- a) Fixed deposit letter or investment certificate;
- b) Receipt confirmation for capital invested;
- c) Copy of electronic transfer or cheque requisition;
- d) Schedule of comparative investment figures;
- e) Commission certificate indicating no commission was paid on the investment; and
- f) Interest rate quoted.

## **11. CASH MANAGEMENT**

All money received should be promptly deposited within 72 hours in the municipality Primary Bank.

The respective responsibilities of the Chief Financial Officer and other directors in this regard are in terms of the approved budget and other budget related policies.

Collection and banking of revenue is the lifeblood and determines the going-concern status of a municipality. A healthy cash flow is crucial to ensure sustainable service delivery and infrastructure development and maintenance and preservation.

This is appropriately prescribed in terms of section 64 of the Municipal Finance Management ACT of 2003.

## **11.1 SECTION 64: REVENUE MANAGEMENT**

11.1.1 The Accounting Officer of the municipality is responsible for the management of the revenue of the municipality.

11.1.2. The Accounting Officer, must, among other things, take all reasonable steps to ensure that all money received is promptly deposited in accordance with the requirements of the Act into the municipality's primary bank account.

11.1.3. The Accounting Officer must also ensure that all revenue received by the municipality, including revenue received by any collecting agent on its behalf, is reconciled on regular basis.

11.1.4. The Accounting Officer must take all reasonable steps to ensure that any funds collected by the municipality on behalf of another organ of state are transferred to that organ of state at least on a regular basis, and that such fund are not used for purposes of the municipality.

## **11.2 REVENUE AND CASH COLLECTION**

11.2.1. Every director shall be responsible for the collection of all moneys falling within the ambit and area of his or her designated functions and budget.

11.2.2. The Chief Financial Officer shall ensure that all revenues are properly accounted for.

11.2.3. The collection of all arrear revenues and the control of arrear accounts shall be co-ordinated by the Chief Financial Officer in terms of any policies determined by the Council.

11.2.4. The Municipality may allocate any credit/ payment to any account/s of the same debtor or department.

11.2.5. Any revenue that is not recovered or likely to be recovered after the necessary steps have been taken, the Chief Financial Officer shall report the matter adequately and timeously to the finance Committee and advice for adjustment purpose.

## **11.3 CASHIER COLLECTION**

11.3.1. The following negotiable instrument is accepted and will be construed as cash, Postal orders, bank cheques, cards, bank guarantee cheques, credit cards, debit cards, direct deposits, and electronic funds transfers.

11.3.2. Every payment received by a cashier or other authorised officer charged with the receipt of money shall be acknowledged by the issuing a sequentially numbered official receipt of receipt book or computer generated receipt.

11.3.3. All cashier banking batches and or shifts must be closed at least on a daily basis and be deposited promptly in the municipality primary bank account.

11.3.4. Receipt cancelled during collection should be attached on the end of shift form or be written with a detailed explanation thereof.

#### **11.4 END OF SHIFT/DAY**

11.4.1. A cashier must count the money he/she receipted, record the outcome on the cash-up sheet per category, then report to the senior responsible for the closing of the banking batches;

11.4.2. No cashier may have access to the closing bank batch facility of the financial system. The senior verifies whether the amounts are correct and send the cashier back if necessary, otherwise closed the banking batch;

11.4.3. All shortages must be paid in by the cashier and all surpluses must be receipted in the vote number open for this purpose;

11.4.4. The cashier supervisor in the presence of the cashier should deposit the money into the prescribed money bag, seal and lock it up in the safe;

11.4.5. All closed banking batches must be deposited and received by the bank within 72 hours; and

11.4.6. A service provider will collect all deposits; quote the seal serial number and issue a receipt for the money bags;

#### **11.5 AVAILABILITY OF RECEIPTING POINTS.**

11.5.1. Cash receipting points will be available in Polokwane civic centre, Mankweng, Seshego, Sebayeng municipal offices and other special services such as Traffic and licensing in Ladanna, Game reserve, Swimming pools, Library, sports and facility management and all satellite offices;

11.5.2. The normal office hours for receipting for all offices from Monday to Friday is 08h00 till 16h00.

11.5.3. The Municipality also makes use of third party payments for example; Easy pay and Pay-a-Bill. The bank facilities such as; speed points, EFT, debit orders, direct deposits and some approved cheques; and

11.5.4. Electronic transfers directly into the bank account are allowed provided that the client use his/her debtors account number as reference or booking number or reference granted by the municipality. A penalty may be levied for repeated incorrect or no reference.

11.5.5. Charges in respect of card payments and or any other payments method shall be recovered from the customer in terms of the municipal policies or council resolution

## **12. CODE OF PRACTICE WITH REGARD TO CASH COLLECTION AND BANKING**

### **12.1 CASHIER SHORTAGES**

It is the cashier responsibility to take care of custody of cash until it is handed over to the supervisor. For this reason, shortages will be handled as hereunder:

12.1.1 Up to R100 must be paid in by the cashier, immediately before banking is done.

12.1.2 More than R100 up to R500, the cashier shortage account must be debited and the total balance must be deducted from the cashier salary end of the same month.

12.1.3 Two shortages of over R100 in one month, cashier must get a warning, if it happens three times, written warning must be issued and valid for Three Months.

12.1.4 Shortages of over R500 up to R1000, written warning will be issued to the cashier and disciplinary actions may be taken against the cashier.

12.1.5 Shortage over R1000 disciplinary actions must be instigated against the cashier. (First time offender will have an option of a final warning and repayment; second time offender will have option of final warning or dismissal)

### **12.2 SHORTAGES IN THE BANK**

12.2.1 Supervisors accept the money from the cashier for banking, and takes responsibility for the money until banked. As results shortages reported by the bank will be accounted and paid for by the supervisor who prepared the banking.

12.2.2 The above principle as per 12.1 on cashier shortages will be applicable in terms of payments and disciplinary actions to be considered.

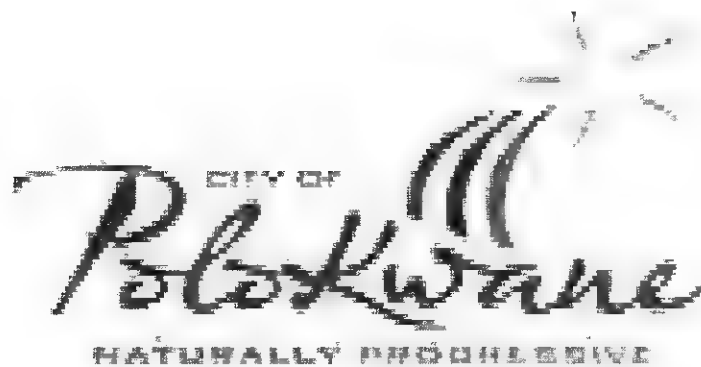
12.2.3. All shortages identified by the bank, must be paid in by the supervisor, and all surpluses must be receipted in the vote number open for this purpose.

### **12.3 SUPRISE CHECKS**

The municipal management may conduct surprise checks without prior notice and take disciplinary actions on shortages as on 12.2 above

## **13. SHORT TITLE**

This Policy shall be called the Investment and Cash Management Policy of the Polokwane Municipality.



## CREDIT CONTROL & DEBT COLLECTION POLICY

Draft Review

2019/ 2020

## **P R E A M B L E**

Whereas section 96 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) requires a municipality to adopt, maintain and implement a credit control and debt collection policy;

And whereas section 97 of the Systems Act prescribes what such policy must provide for;

And whereas the Municipal Council of the Municipality of Polokwane has adopted by-laws in line with section 98 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) to give effect to this policy.

Now therefore the Municipal Council of the Municipality of Polokwane adopts the Credit Control and Debt Collection Policy as set out in this document:-

For the purpose of this policy, unless the context indicates otherwise, any word or expression to which a meaning has been attached in the Act shall bear the same meaning and means:-



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## 1. DEFINITIONS

### **Act**

The Local Government Act: Municipal Systems Act 2000 (Act No. 32 of 2000) as amended from time to time.

### **Authorised Representative**

The person or instance legally appointed by the Council to act or to fulfil a duty on its behalf.

### **Arrears**

Amount due, owing and payable in respect of fees, charges, surcharges on fees, property rates and other municipal taxes and services, levies, penalties and duties.

### **Agreement**

Means the contractual relationship between the municipality and a consumer whether in writing or not.

### **Account/ Municipal account**

Account in name of customer held with the Polokwane Municipality.

(a) The proper and formal notification by means of a statement of account, to persons liable for monies levied and indicating the net accumulated balance of account, specifying charges levied by the Municipality, or any authorized and contracted service provider, in the format of, but not limited to:-

- Show the levies for property rates and services

(b) Monthly account rendered monthly and shows the levies for property rates and/ or building clause, availability charge, sewage, refuse removal, electricity, water, sundries, housing rentals and instalments, as well as monthly instalments for annual services paid monthly.

### **Basic service**

The amount or level of any municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety of the environment and for the purposes of this Policy are restricted to the delivery of electricity, refuse, sewerage and water services.

### **Chief Financial Officer**

An officer of the municipality appointed as the Head of the Finance Department (Budget and Treasury) and includes any person:-

- a) Acting in such position; and
- b) To whom the Chief Financial Officer has delegated a power, function or duty in respective of such a delegated power, function or duty.

### **Child-headed household**

A household where all the occupants of a residential property are younger than 18 years old, i.e. a child-headed household is a household consisting only of children and household income of below the indigent threshold.

### **Council or Municipal Council**

A municipal council referred to in section 18 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of

1998) and for purposes of this policy, the municipal council of the Municipality of Polokwane.

### **Credit Control**

The functions relating to and aimed at the collection of any monies due and payable to the Municipality.

### **Debt Collection**

The function relating to and aimed at the collection of any monies due and payable to the Municipality after due date has passed or not paid on due date.

### **Closely connected Person**

Any immediate relative of the person namely spouse, child, parent, parent-in-law, life partner, siblings (brother or sister from same parents) and in laws,

### **Customer**

Any occupier of any property to which the Municipality has agreed to supply services or already supplies services to, or if there is no occupier, then the owner of the property (including registered indigent households).

### **Consumer**

Means "Customer"

### **Due date**

Means the date on which the amount payable in respect of an account becomes due, owing and payable by the customer, which date shall be determined by council from time to time.

### **Defaulter**

A person who owes money to the Municipality in respect of a municipal account after the due date for payment has expired

### **Director**

The person in charge of the civil and / or electrical component(s) of the Municipality and includes any person:-

- a) Acting in such position; and
- b) To whom the Director has delegated a power, function or duty in respect of such a delegated power, function or duty.

### **Equipment**

A building, structure, pipe, pump, wiring, cable, meter, machine or any fittings.

### **Household**

all persons who are jointly living on a stand or site on a permanent basis and who receives electricity and / or water from one meter, regardless whether the person rents or owns the property.

### **Indigent**

A household which is not financially capable of paying for the delivery of basic services and meeting the criteria determined by Council from time to time – this also includes poor households as per the Municipality's Indigent Policy.

### **Interest**

A levy with the same legal priority as service fees and calculated on all amounts in arrears in respect of assessment rates and service levies or any other sundry services or surcharge at a standard rate as approved by Council from time to time.

### **Municipality**

Means Polokwane Municipality established in terms of the Local Government Structures Act, 1998 as amended from time to time.

### **Municipal Manager**

The accounting officer appointed in terms of section 82 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998) as amended from time to time and being the head of administration and accounting officer in terms of section 55 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) as amended from time to time and includes any person:-

- a) Acting in such position; and
- b) To whom the Municipal Manager has delegated a power, function or duty in respect of such a delegated power, function or duty.

### **Municipal Services**

Those services provided by the Municipality such as, amongst others the supply of water and electricity, refuse removal, sewerage treatment, and for which payment is required by the Municipality or not.

### **Occupier**

Any person who occupies any property or part thereof, without any regard to the title under which he / she so occupies the property.

### **Premises or Property**

Any portion of land, the external surface boundaries of which are delineated on:-

- a) A general plan or diagram registered in terms of the Land Survey Act, 1927 (Act No. 9 of 1927) as amended from time to time or in terms of the Deeds Registry Act, 1937 (Act No. 47 of 1937); as amended from time to time or
- b) A sectional plan registered in terms of the Sectional Titles Act, 1986 (Act No. 95 of 1986); as amended from time to time which is situated within the area of jurisdiction of the Municipality.

### Owner

- a) The person in whom the legal title to the property is vested;
- b) A person mentioned below may for the purposes of this Policy be regarded by a municipality as the owner of a property in the following cases:
  - i. A trustee, in the case of a property in a trust excluding state trust land;
  - ii. An executor or administrator, in the case of a property in a deceased estate;
  - iii. A trustee or liquidator, in the case of a property in an insolvent estate or in liquidation
  - iv. A judicial manager, in the case of a property in the estate of a person under judicial management;
  - v. a curator, in the case of a property in the estate of a person under curatorship;
  - vi. A person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude;
  - vii. A lessee, in the case of a property that is registered in the name of a municipality and is leased by it; or
  - viii. a buyer, in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer;
  - ix. Owner in terms of Municipal Property Rates Act.
- (c) In the case where the Council is unable to determine the identity of such person; the person who is entitled to the benefit of such property or any building thereon;
- d) In the case of a property for which a lease agreement of 30 years or more has been entered into, the lessee thereof;
- e) Regarding:-
  - (i) a portion of land delineated on a sectional title plan registered in terms of the Sectional Titles Act, 1986 (Act No. 95 of 1986), as amended from time to time and without restricting the above-mentioned stipulations, the developed or body corporate of the communal property; or
  - (ii) a portion as defined in the Sectional Titles Act, the person in whose name that portion is registered under a sectional title deed, including the legally appointed representative of such person;
- (f) Any legal entity, including but not limited to:-
  - (i) a company registered in terms of the Companies Act, 1973 (Act No. 61 of 1973), a trust inter vivos, trust mortis causa, a closed corporation registered in terms of the Closed Corporations Act, 1984 (Act No. 69 of 1984), and any voluntary organisation.
  - (ii) Any local, provincial or national government;
  - (iii) Any council, board or entity established in terms of any legislation applicable to the Republic of South Africa; and
  - (iv) any embassy or other foreign entity.

## **2. GENERAL OBJECTIVES:**

The objectives of this policy are to:-

- 2.1 Provide a framework within which the municipality can exercise its executive and legislative authority with regard to credit control and debt collection;
- 2.2 Ensure that all monies due and payable to the municipality are collected and in a financially sustainable manner;
- 2.3 Provide a framework for customer care and indigent support;
- 2.4 Describe credit control measures and sequence of events;
- 2.5 Outline debt collection and credit control procedures and mechanisms; and
- 2.6 Set realistic targets for credit control and debt collection.
- 2.7 Provide for actions that may be taken by the Municipality to secure payment of accounts that are in arrears including and not limited to the termination or restriction of services and legal actions
- 2.8 Provide for alternative debt repayment arrangements in accordance with the terms and conditions of this policy
- 2.9 Create an environment which enables a customer to repay the outstanding debt and establish culture of payment for services rendered by the Municipality.
- 2.10 Effectively and efficiently deal with defaulters in accordance with the terms and conditions of this policy
- 2.11 Provide for procedures and mechanisms to ensure that all monies due and payable to the Municipality are collected.

## **3. PRINCIPLES:**

The credit control and debt collection policy is based on the following principles –

### **3.1 GENERAL**

- (i) The administrative integrity of the Municipality must be maintained at all costs.
- (ii) The democratically elected councillors are responsible for making the policies, while it is the responsibility of the Municipal Manager to ensure execution of these policies.
- (iii) The policy and its application provides for the specific circumstances of the community to which it relates.
- (iv) The credit control and debt collection procedures must be understandable, uniform, fair and consistently applied.
- (v) Credit control must be effective, efficient and economical.
- (vi) The measures taken must be sustainable in the long term.

### 3.2 COUNCIL

- (i) To enable the Council to differentiate between those customers that cannot pay from those that simply do not want to pay, the “Indigent Policy” will be applied.
- (ii) The Credit Control and Debt Collection Policy may be supported by procedure manual(s) and/or Revenue Enhancement strategies that may be put in place by the Chief Financial Officer and Revenue Manager.
- (iii) The Credit Control and Debt Collection Policy shall super cede all other policies aimed at achieving the same purpose to which the current credit control policy seeks to achieve.

### 3.3 CUSTOMERS

- (a) All new customers must complete an official application form formally requesting the Municipality to connect them to the service supply lines. Existing customers may be required to complete new forms to update their information from time to time as determined by the Municipal Manager.
- (b) Application forms, agreements and documents relating to this policy must be available in English. Officials designated to control and manage these documents may be able to explain the contents thereof in other four languages dominant in Limpopo.
- (c) A copy of the application form, conditions of services and extracts of the Council’s Customer Care Policy, Credit Control and Debt Collection Policy and By-Laws may be handed to every customer on request at a fee prescribed by council from time to time.
- (d) Application forms may be used to, amongst others, categorize customers according to credit risk and to determine relevant levels of services and deposits required.
- (e) Unauthorized consumption, connection and reconnection, the tempering with or theft of meters, service supply equipment and reticulation network and fraudulent activity in connection with the provision of Municipal services will lead to disconnections, charges, penalties, loss of rights and/or criminal prosecutions.
- (f) The Council shall not conduct any business activity with or accept new services application to any customer who is in arrears with the Municipality except if a suitable payment arrangement for repayment of arrears is made.
- (g) The Council shall not refund any credit/ deposit to any customer or customer’s nominee who is in arrears with the Council.
- (h) The Municipality may whenever possible, combine any separate accounts of a person who is liable for payment to the Municipality, into one consolidated account.
- (i) A Person applying for a Municipal consumable service must enter into a Service Agreement with the Municipality in order for such Municipal service to be provided. The Municipality may disconnect the services of a meter where a service deposit has not been paid.

### 3.4 COUNCILOR SERVICES ACCOUNTS

In accordance with the provisions of Schedule 1, of the Municipal Systems Act, 32 of 2000, an elected councillor residing within demarcated area of the Council and is individually or jointly



responsible for account, may not be in arrears for municipal service fees, surcharges on fees rates or any other municipal taxes, levies and duties levied by the Council for more than 3 (three) months.

Notwithstanding any relevant procedure, method or action that may be taken in terms of this policy, the Municipal Manager may deduct amounts due for more than 3 (three) months from such councillor's remuneration.

### **3.5 STAFF/ OFFICIALS SERVICES ACCOUNTS**

In accordance with the provisions of Schedule 2, of the Municipal Systems Act, 32 of 2000, an official of council, residing within demarcated area of the Council and is individually or jointly responsible for account, may not be in arrears for municipal service fees, surcharges on fees rates or any other municipal taxes, levies and duties levied by the Council for more than 3 (three) months.

Notwithstanding any relevant procedure, method or action that may be taken in terms of this policy, the City Manager may deduct amounts due for more than 3 (three) months from such official's remuneration.

## **4. PERFORMANCE EVALUATION**

This is addressed in the SDBIP and the Municipal Performance Management System.

## **5. REPORTING**

5.1 The Chief Financial Officer shall report monthly to the Municipal Manager in a suitable format to enable the Municipal Manager to report to the Mayor as supervisory authority in terms of the Systems Act. This report shall contain particulars on:-

- a. Cash collection statistics, showing high-level debt recovery information (number of consumers; enquiries; arrangements; default arrangements; growth or reduction of arrear debt).
- b. Where possible, the statistics should ideally be divided into wards, business (commerce and industry), domestic, government, institutional and other such divisions.
- c. Performance of all areas against targets agreed to in section 4 of this policy document.

5.2 If in the opinion of the Chief Financial Officer, Council will not achieve cash receipt income equivalent of the income projected in the annual budget as approved by Council, the Chief Financial Officer will report this with motivation to the Municipal Manager who may immediately move for a revision of the budget according to realistically realizable income levels.

5.3 The Mayor as Supervisory Authority shall report quarterly to Council as contemplated in section 99(c) of the Systems Act.

## **6. CUSTOMER CARE AND MANAGEMENT**

In relation to the levying of rates and other services by a municipality and the charging of fees for municipal services, a municipality must, within its financial and administrative capacity -

- a) Establish a sound customer management system that aims to create a positive and reciprocal relationship between persons liable for these payments and the municipality, and where applicable, a service provider;
- b) Establish mechanisms for customers to give feedback to the municipality or other service provider regarding the quality of the services and the performance of the service provider;

- c) Take reasonable steps to ensure that customers are informed of the costs involved in service provision, the reasons for the payment of service fees, and the manner in which monies raised from the service are utilized;
- d) Where the consumption of services has to be measured, take reasonable steps to ensure that the consumption by individual customers is measured through accurate and verifiable metering systems;
- e) Ensure that persons liable for payments, receive regular and accurate accounts that indicate the basis for calculating the amounts due;
- f) Provide accessible mechanisms for customers to query or verify accounts and metered consumption, and appeal procedures which allow such persons to receive prompt redress for inaccurate accounts;
- g) Provide accessible mechanisms for dealing with complaints from customers, together with prompt replies and corrective action by the municipality;
- h) Provide mechanisms to monitor the response time and efficiency in complying with paragraph (g); and
- i) Provide accessible pay points and variety of reliable payment methods which will include cash, debit of credit card swiping facilities, electronic fund transfer, debit order, bank order payments and bank guaranteed cheque.

## **7. ACCOUNTS ADMINISTRATION**

### **7.1 ACCOUNTS AND BILLING**

7.1.1 Accounts must be rendered and administered in accordance with the Policy, other prescribed requirements and any other law.

7.1.2 Failure by the Council to render an account does not relieve a customer of the obligation to pay any amount that is due and payable in terms of these By-laws.

7.1.3 The customer is entitled to accurate, timeous and understandable bill as far as possible.

7.1.4 The Council may, in accordance with the provisions of section 102 of the Act –

a) Consolidate any separate accounts of a customer liable for payments in terms of these Policy to the Council;

b) Credit any payment by such customer against any account of that customer; and

c) Implement any of the debt collection and credit control measures provided for in these By-laws in relation to any arrears on any of the accounts of a customer.

7.1.5 The amount due and payable by a customer constitutes a consolidated debt, and any payment made by a customer of an amount less than the total amount due, will, be allocated in reduction of the consolidated debt in the order prescribed by the Municipality.

(a) Any amount paid by a customer in excess of an existing debt may be held in credit for the customer in anticipation of future rates and fees for municipal services. (b) No interest is payable on any amount contemplated in paragraph (a)

## 7.2 ACCOUNT QUERIES

- (a) Account query refers to the instance when a customer queries any specific amount or any content contained in any account as rendered by the Council;
- (b) Query can be raised verbally or in writing at any of the Council's administrative offices
- (c) Customer to furnish in writing full personal particulars including acceptable means of identification, contact details and account number in respect of which amount owing is queried;
- (d) Customer may be represented by a duly appointed nominee or agent, and such nominee or agent shall upon request produce sufficient proof of such appointment;
- (e) Pending the outcome of query, customer may apply for temporary payment extension in terms of provisions of this policy;
- (f) The customer shall, pending the resolution and outcome of the query, continue to make regular payments as per account statement;
- (g) Should a customer not be satisfied with the outcome of the query, a customer may lodge an appeal in terms of section 62, as read with section 95 (f), of the Local Government: Municipal Systems Act 32 of 2000.

## 7.3 DISPUTES

- (a) A customer may lodge an appeal in terms of section 62, as read with section 95 (f), of the Local Government: Municipal Systems Act 32 of 2000.
- (b) Customer to furnish in writing full personal particulars including acceptable means of identification, contact details and account number in respect of which amount owing is disputed
- (c) Only disputes lodged by registered account holder will be considered.
- (d) Customer may be represented by a duly appointed nominee or agent, and such nominee or agent shall upon request produce sufficient proof of such appointment.
- (e) Should any written dispute arise as to the amount owing on the account in respect of all services by a customer, the customer shall, pending the resolution and outcome of that dispute, continue to make regular minimum payments based on the average charges for the preceding three months prior to the arising of the dispute, plus interest, until the resolution of that dispute.
- (f) Should any written dispute arise as to the amount owing on part of the account or service by a customer, the customer shall, pending the resolution and outcome of that dispute, continue to make regular payments on services that are NOT in dispute PLUS the average charges for the preceding three months prior to the arising of the dispute in respect of remaining part of account or disputed service until the resolution of that dispute.

## 8. INTEREST CHARGES

Interest will be levied on all accounts not paid by due date at a rate prescribed by council from time to time and in accordance with Section 97 (e) of Municipal Systems Act, 32 of 2000.

8.1 No interest shall be earned on a credit balance

8.2 Interest may only be reversed under the following circumstances–

- a) Exemptions as determined by Council from time to time
- b) If the Municipality has made an administrative error on the account
- c) Where any debt accrued as a result of incorrect charge or any administrative error
- d) Where Council or any other authorised committee or delegated official approves such reversal from time to time;

## **9. ACCOUNT DUE DATE& ALLOCATION OF PAYMENT**

- a) Account due date shall be the 7<sup>th</sup> day of the month.

Interest shall accrue after 30 days from date of account on unpaid accounts. The interest shall accrue for each completed month in respect of any arrears remaining unpaid after 30 days of the account, a part of a month shall be deemed to be a completed month on the basis that interest is charged as from the first day of the account been in arrear.

- b) Only payments receipted through the Municipal financial system on or before account due date will be deemed to have been duly received.
- c) Payments by customers through 3rd party vendors will only be deemed to have been received when receipted through the Municipal financial system.
- d) Any amount paid by the Customer in excess of an existing debt may be held in credit for the Customer in expectancy of future rates and fees for Municipal services charges, and no interest will be payable on that amount.

## **10. CREDIT CONTOL**

### **10.1 OBJECTIVE**

10.1.1 To provide procedures and mechanisms to collect all the monies due and payable to the Municipality arising out of the supply of services and annual levies, in order to ensure financial sustainability and delivery of municipal services in the interest of the community

10.1.2 To limit risk levels by means of effective management tools.

10.1.3 To provide for restrictions, limitations, termination of services for non-payment.

### **10.2 SERVICE APPLICATION, AGREEMENTS, CUSTOMER SCREENING AND SECURITIES**

10.2.1 All consumers (owners) of services will be required to sign an agreement governing the supply and cost of municipal services. On default by a tenant, the owner will be the debtor of last resort and is responsible for payment unless where the Municipality is the owner of the property.

10.2.2 Applicants for Municipal services may be checked for credit worthiness, which may include checking information from banks, credit bureaus, other local authorities, trade creditors and employers.

10.2.3 The consumer applying for services must bring proof of ownership or consent from the owner, proof of residential address and physical address

10.2.4 Where the applicant is a legal entity, being a company, closed corporation, trust, etc.

- a) Sureties must also be signed by the directors, members, trustees, etc.

b) Must supply details of their director, members, partners or trustees and at least the main shareholder must in his/her personal capacity guarantee the payment of the applicant's Municipal account and in case of a trust, all the trustees in their personal capacity.

10.2.5 On the signing of the agreements, customers will be entitled to access the policy document, which are available on [www.polokwane.gov.za](http://www.polokwane.gov.za) or on request at any Municipal office service centre at a fee prescribed by the council from time to time.

10.2.6 On the signing of the agreement, consumers will receive a copy of the agreement for their records.

10.2.7 The Municipality reserves the right to refuse supplying services should such applicant owe monies to the Municipality until such debt is paid in full or an acceptable arrangement to settle has been made with the Municipality. Should the applicant prove to the Chief Financial Officer or the Manager Revenue or delegated Senior official that he/she is unable to pay, the application will be dealt with in terms of the Municipality's Indigent Policy and arrangements may be granted on exceptional cases.

10.2.8 The Municipality reserves the right to decline the application for services if any of the tenants or previous tenants or owner is in arrears or of a person who is closely connected to a customer who has defaulted with account payments and who resides or is to reside on the same premises, until such debt is settled in full or accepted arrangement has been made. The Municipality may also reject the application for services of any concern that is not a natural person should such concern be in arrears with any other municipal account for which it, or any member or director is responsible or partially responsible.

10.2.9 The Municipality will read the meters within the period stipulated in the agreement after notification of change in ownership or application for the supply of services and render an account within the normal cycle applicable to the property.

10.2.10 All new customers shall pay a deposit as determined from time to time the Municipality council which may be increased by the CFO in the event of non-payment. Councillors and officials of the Municipality are not exempted from paying security deposit.

10.2.10 All new customers shall pay a deposit in line with council prescripts.

10.2.11 Deposits can vary according to the credit worthiness or legal category of the applicant, subject to minimum requirements as outlined in the Deposit policy.

10.2.12 The Municipality will not pay any interest on deposits.

10.2.13 On the termination of the agreement the amount of the deposit, less any outstanding amount due to the Municipality, will be refunded to the consumer.

10.2.14 All information furnished may be verified by the Municipality with any or all data information institutions, credit information bureau's and any financial institutions as may be deemed necessary by the Municipality in determining a person's credit worthiness or for any other reason as determined by the delegated Senior official.

### **10.3 RESPONSIBILITY FOR AMOUNTS DUE**

10.3.1. In terms of Section 118 (3) of the Systems Act, an amount due for municipal service fees, surcharge on fees, property rates and other municipal taxes, levies and duties is a charge upon the

property in connection with which the amount is owing and enjoys preference over any mortgage bond registered against the property. Accordingly —

a) The owner of such property shall be liable for charges incurred in connection with such property and all municipal debts must be paid by the owner of such property without prejudice to any claim or right of recovery which the Municipality may have against another person;

b) The Municipality reserves the right to cancel a contract with the Customer in default and register the owner of such property for services on the property; and

c) Subject to the right to a basic water supply as contemplated in the Water Services Act, 1997 (Act No. 108 of 1997), as amended, the Municipality will not provide any services on the property until all municipal debts on the property have been paid in full or suitable arrangements have been made to pay such debts. The Municipality reserves the right to determine the manner in which access to a basic water supply will be provided.

10.3.2 Where the property is owned by more than one person, each owner shall be jointly and severally liable, the one paying the other to be absolved, for all municipal debts charged on the property.

10.3.3 Owners with their tenants who are registered as Customers shall be held jointly and severally liable, the one paying the other to be absolved, for debts on their property, except for property rates.

10.3.4 When a Juristic person opens a Service Account, the directors, members or trustees as the case may be must sign personal suretyships in favour of the Municipality. Liability for outstanding amounts may be extended to such directors, members or trustees jointly and severally, the one paying the other to be absolved.

10.3.5 The Municipality may —

In a case of an Owner who is in arrears:

- (i) recover from a tenant, occupier or agent such monies as are owing by the tenant, occupier or agent to the owner, as payment of the arrears owing by such owner for so long as a tenant or occupier occupies a property in respect of which arrears are owing, or an agent acts for an owner in respect of whose property arrears are owing;
- (ii) recover the amount in whole or in part despite any contractual obligation to the contrary on the part of the tenant, occupier or agent; or
- (iii) recover from the tenant, occupier or agent an amount which is limited to the amount of the rent or other money due and payable, but not yet paid by the tenant, occupier or agent;

10.3.6 Should the tenant, occupier or agent as contemplated in subsection 10.3.5 refuse to pay the Municipality, the services of the tenant, occupier or agent may be disconnected.

10.3.7 Should any dispute/query arise as to the amount owing, the Customer shall pay all amounts which are not subject to the dispute and average of the service under dispute that are due and payable, pending the finalisation of the dispute lodged in respect of the specific amount owed by the Customer.

#### **10.4 RIGHT OF ACCESS TO PREMISES**

10.4.1 The owner and or occupier of property must allow an authorized representative of the municipality access at all reasonable hours to the property in order to read, inspect, install or repair any meter or service connection for reticulation, or to disconnect, stop or restrict, or reconnect, the provision of any municipal service as stipulated in Section 101 of Municipal Systems Act, 32 of 2000.

10.4.2 The owner is responsible for the cost of relocating a meter if satisfactory access is not possible.

10.4.3 If a person fail to comply, the municipality or its authorised representative may:-

- a) By written notice require such person to restore access at his/her own expense within a specified period.
- b) Without prior notice restore access and recover the cost from such person If it is the opinion that the situation is a matter of urgency.

#### **10.5 ENFORCEMENT MECHANISM**

10.5.1 The Municipality will issue a credible statement of account reflecting all services charge, units of water & electricity consumed (where applicable), due date and monies payable. Where the Municipality fails to render the account, subsection 7.1.2 of this policy shall apply.

10.5.2 The Municipality may deliver notices electronically or in accordance with section 115 of the Municipal Systems Act and section 3 of PAJA.

10.5.3 Subject to the provisions of section 95(e) of the Systems Act, a failure to receive or accept accounts does not relieve a Customer of the obligation to pay any amount due and payable. The onus is on the Customer to make every effort to obtain a copy of the account, or establish the amount payable for payment.

10.5.4 The Municipality may print a message on a statement of account to remind customers to pay before or on due date to avoid interest charges and other credit control measures.

10.4.5 The Municipality may remind the customer to pay the account before or on due date by using and not limited to SMS, MMS, email and Telephone call.

10.5.6 In the event of queries and disputes section 7.2 and 7.3 of this policy shall apply.

10.5.7 The customer may apply/ request payment extension in writing before the due date stating reasons for such request and proposed date for payment.

10.5.8 The Municipality shall have the right to discontinue or restrict the supply of services due to late or non-payment of accounts relating to any consumer and or owner of property.

10.5.9 All debtors who are in arrears for more than 60 days may have their water and electricity meters converted to prepaid at municipality's sole discretion.

#### **10.6 PRE-PAYMENT METERING SYSTEM**

The Municipality will use its pre-payment metering system to:-

- a) Link the provision of electricity by the Municipality to a "pre-payment" system comprising, pre-payment of electricity units; and

- b) A payment in respect of arrears comprising all accrued municipal taxes and other levies, tariffs and charges in respect of services such as water, refuse removal, sanitation and sewage.
- c) To load an auxiliary on the "pre-payment" system in order to allocate a portion of the rendered amount to the customers arrear account for other services.
- d) To enforce satisfactory arrangements with consumers in arrears by blocking access to pre-payment meters.
- e) 60/40% prepayment debt recovery, the municipality may allocate 60% of payment to the arrears and 40% to the purchase of electricity to customers who purchases prepaid electricity with other services in arrears.

## **10.7 CONTRACTORS WHO TENDER TO THE MUNICIPALITY**

Supply Chain and Procurement Management Policy and Tender Conditions of the Municipality will include the following:-

- a) When inviting tenders for the provision of services or delivery of goods, potential contractors may submit tenders subject to a condition that consideration and evaluation thereof will necessitate that the tenderer obtain from the Municipality a certificate or account stating that all relevant municipal accounts owing by the tenderer and/or its directors, owners or partners have been paid or that *suitable arrangements (which include the right to set off in the event of non-compliance) have been made for payment of any arrears.*
- b) *No tender may be allocated to a person/contractor until a suitable arrangement for the repayment of arrears has been made. No further debt may accrue during contract period.*
- c) *Tender Conditions may include a condition allowing the Municipality to deduct any moneys owing to the Municipality from contract payments.*
- d) *A tenderer maybe required to declare all the municipal account numbers for which it is responsible and/or partially responsible.*

## **11. DEBT COLLECTION**

### **11.1 OBJECTIVE**

11.1.1 To implement procedures which ensure the collection of debt, meeting of service targets and the prevention of escalation in arrear debt.

11.1.2 THE PRINCIPLE: The money owed to the Municipality for more than 30days after due date would be classified as debt to be collected following the procedures as outlined in this section of the policy.

### **11.2 ACTIONS TO SECURE PAYMENTS INCLUDING TERMINATION OF SERVICES AND SERVICE AGREEMENTS**

11.2.1 The Municipality and/or Service provider may take the following actions to secure payments of arrears in respect to Municipal services.

11.2.1 At least fourteen (14) days' notice is required from the Customer upon termination of an account, to enable the Municipality to take final meter readings and process account adjustments.



11.2.1 The Municipality or service provider may contact the customer telephonically and/or physically.

(a) Council will endeavour, within the constraints of affordability, to make personal or telephonic contact with all arrear debtors to encourage their payment, and to inform them of their arrears state, their rights (if any) to conclude arrangements or to indigence subsidies, other related matters and will provide information on how and where to access such arrangements or subsidies.

(b) Such contact is not a right for debtors to enjoy and disconnection of services and other collection proceedings may continue in the absence of such contact for whatever reason.

11.2.1 Council reserves the right to deny or restrict the sale of electricity or water to consumer and or the owners who are in arrears with their rates and or other service charge.

11.2.2 60/40% prepayment debt recovery, the municipality may allocate 60% of payment to the arrears and 40% to the purchase of electricity to customer who purchases prepaid electricity with other services in arrears. Or allow the customer to purchase 40% of the amount paid.

11.2.3 If a person is indigent a pre-paid electricity meter and a flow limiter water meter may be installed free of charge.

11.2.4 The deposit of any defaulter will be adjusted and brought into line with relevant policies of Council (Consumer Deposit Policy) and this deposit may be charged into the account.

11.2.5 Once the tenant's consumption account in arrears is terminated, the account may thereafter be linked to the owner's rates account.

11.2.6 The Municipality may exercise its common-law right where a tenant on a property is in breach of his or her contract with the Municipality, and link the debt to the owners' account. The tenant shall forfeit his or her deposit to the owner where the outstanding debt is paid by the owner.

11.2.7 The Municipality may terminate a service agreement or any other arrangement with the municipality having given a written notice of not less than 14 days to the Customer, if the Customer concerned has breached or failed to comply with any specific term or condition of the service agreement.

### **11.3 THE POWER TO RESTRICT OR DISCONTINUE SUPPLY OF MUNICIPAL SERVICES**

11.3.1 The Council or duly appointed agent may terminate and / or restrict the supply of water, electricity or in the case of pre-paid electricity withhold the selling of electricity in terms of the prescribed disconnection procedures, or discontinue any other service to any premises associated with the customer, whenever a consumer of any service –

11.3.2 after the expiry of the period for payment in terms of the final demand/ final notice referred to in section 11.2.1.1, fails to make full payment on the due date or fails to make acceptable arrangements for the repayment of any amount for municipal services, property rates or taxes or other amounts due in terms of this policy;

11.3.3 No proof of registration as an indigent was furnished within the period provided for in the final demand / final notice referred to in section 11.2.1.1;

11.3.4 No payment was received in accordance with an agreement for payment of arrears;

11.3.5 fails to comply with a condition of supply imposed by the council;

11.3.6 obstructs the efficient supply of electricity, water, or any other municipal services to another customer;

11.3.7 Supplies such municipal service to a consumer/owner who is not entitled thereto or permits such service to continue;

11.3.8 causes a situation, which in the opinion of the council is dangerous, or a contravention of relevant legislation;

11.3.9 in any way bridges the supply or illegally reconnect previously disconnected municipal services;

b) The Council shall hand deliver, per mail or per electronic means available, to the physical address of property or most recent recorded address or electronic contact address and / or number of such customer, a discontinuation notice informing such consumer –

(i) That the provision of the service will be, or has been discontinued on the date stated on the discontinuation notice;

(ii) Of the steps which can be taken to have the service reconnected;

(iii) Of the minimum amount payable to restore service.

c) The right of the Council or any duly appointed agent to restrict or discontinue water and electricity to any premises, owner of property, tenant on property, customer or occupant of property, shall be subject to the relevant legislature.

**d) The Council reserves the right to deny or restrict or reduce the sale of electricity or water to properties which are in arrears with their rates or other municipal charges.**

#### **11.4 RECONNECTION OF SERVICES**

11.4.1 Upon paying the full amount owed or the conclusion of acceptable arrangements as prescribed in section 11.6 of this policy the service will be reconnected and soon as conveniently possible

11.4.2 The cost of the restriction or disconnection and reconnection will be determined by tariffs approved by Council and will be payable by the consumer.

#### **11.5 DEBT FOR WHICH AN ARRANGEMENTS CAN BE DONE**

Arrangements for the payment of outstanding debt can be made according to the procedures described hereunder.

#### **11.6 CONCLUSION OF AGREEMENT**

11.6.1 If a customer cannot pay his/her account with the Municipality then the Municipality may enter into an extended term of payment not exceeding 12 months, stipulating that the debt will be paid together with the monthly and/or annual accounts, with the customer.

11.6.2 The customer must:-

- a) Complete a new application form;
- b) Sign an acknowledgement of debt;
- c) Sign consent to judgment;

- d) Sign an emolument or stop order if he or she is in employment;
- e) Submit proof of income on the prescribed form;
- f) Pay the current portion of the account in cash;
- g) Pay an adjusted security deposit equal to the sum of two time's average consumption during the preceding 12 months; (conditional)
- h) sign an acknowledgement that, if the arrangements being negotiated are later defaulted on, that no further arrangements will be possible and that disconnection of water and electricity will follow immediately, as will legal proceedings;
- i) Acknowledge liability of all costs incurred; and
- j) Annually, no later than 28 February, submit new proof of income.

#### **11.7 ARRANGEMENTS THAT CAN BE ENTERED INTO:**

##### **11.7.1 Domestic Customers:**

- (a) First (1st) default in a financial year:
  - (i) 50% or minimum of 10% on exceptional circumstances of the outstanding amount plus cost of the credit control actions together with the current account is payable immediately.
  - (ii) The arrangement on the remaining balance may be approved and renewed every 3 months
- (b) On Second (2nd) default in one financial year the Municipality May Demand:
  - I. Full arrears amount plus the cost of credit control actions, together with the current account.
  - II. Deny arrangements or provide monthly extensions.
  - III. Consumer deposit charges may be adjusted in line with the deposit policy.

##### **11.7.2 Business and other Institutions:**

- (a) First (1st) default in financial year:-
  - (i) 60% of the outstanding amount plus cost of the credit control actions may be required.
  - (ii) The arrangement on the remaining balance may be approved and renewed every 3 months
- (b) Second (2nd) default in financial year:-
  - (i) Full outstanding amount plus cost of credit control actions may be required.
  - (ii) No arrangements may be allowed.
  - (iii) Consumer deposit charges may be adjusted in line with the deposit policy.

##### **11.7.3 Government Departments**

- (a) First Default
  - (i) The municipality will strive within the spirit of co-operative governance to collect all amount due by departments and will disconnect services where commitment is not honoured.

(ii) Report same to National Treasury where applicable (Sect 64(3) MFMA).

#### 11.7.4 Owners Accounts

(a) The owner's accounts without services will be handed over to the debt collectors to instigate legal proceedings. The owner's accounts in arrears may be consolidated in terms of section 102 of the Municipal Systems Act in order to affect Credit control and debt collection.

### 11.8 DEBT COLLECTION PROCEDURE

11.8.1 Council may handover accounts that are 90 days and older to external debt collection companies after all internal processes have been exhausted and there is no positive respond.

11.8.2 The handover will be done through creation of child account linked to the main account. The child account will be closed when it is paid up or balance cleared. The debt collector will not be responsible for collection on the debt on the main account where child account is created.

11.8.3 Annual accounts: Should accounts remain unsettled three (3) months after it became due and payable, notice will be given to the owner/consumer that the amount owed should be settled within fourteen (14) days, failure of which it would be handed over for collection.

11.8.4 Should there be no reaction on the notices; accounts are forthwith handed over for collection, which may include legal proceedings.

11.8.5 All debtors regarding houses in rental, selling and self-build schemes, without any capital debt, which are still registered in the name of the Municipality, should be notified in writing that if satisfactory arrangements for transfer of the property into his/her name are not made within one (1) month, the property concerned will be put up for sale by Council at a public auction.

11.8.6 Upon handing over of accounts for collection, details of employers and work addresses of the debtors should be made available to the attorneys as far as possible for the purposes of garnishee orders.

11.8.7 Attorneys should report to Council on a monthly basis on the progress made and the cost aspect regarding each debtor.

### 11.9 INDIGENT

11.9.1 Customers who qualify as indigent households will be assisted in terms of the indigent policy.

### 11.10 THEFT AND FRAUD

11.10.1 Any person (natural or juristic) found to be illegally connected or reconnected to municipal services, tampering with meters, the reticulation network or any other supply equipment or committing any unauthorized act associated with the supply of municipal services, as well as theft of and damage to Council property, will be prosecuted and/or liable for costs at the prescribed tariffs as determined from time to time.

11.10.2 The Municipality has the right to obtain authorization from the Magistrate for the imposition of fines for the offences.

11.10.3 The Municipality may terminate and/or remove the supply of services including the removal of circuit breakers to a customer should such conduct as outlined above, be detected and certified.

11.10.4 The total bill owing, including penalties, assessment of unauthorized consumption and discontinuation and reconnection fees, and increased deposits as determined by Council if applicable, will be due and payable before any reconnection can be sanctioned. Corrective measures may be put in place to calculate lost consumption and levy penalty due to illegal connections or tampering of meters, refer to tariff schedule.

11.10.5 Council will maintain monitoring systems and teams in order to identify and monitor customers who are undertaking such illegal actions.

11.10.6 Council reserves the right to lay criminal charges and/or to take any other legal action against both vandals and thieves.

11.10.7 Any person failing to provide information or providing false information on his application for or other document pertaining to the supply of services to the Municipality may face immediate disconnection of services.

#### **11.11 INCENTIVES**

Incentives and disincentives may be used in collection procedures as approved by council.

#### **11.12 LEGAL PROCESS (USE OF ATTORNEYS/USE OF CREDIT BUREAUS)**

11.12.1 The Municipality may, when a debtor is in arrears, commence legal process against that debtor, which process could involve final demands, summonses, court trials, judgements, garnishee orders and, as last resort, sales in execution of property.

11.12.2 The Municipality will exercise strict control over this process to ensure accuracy and legality within it and will require regular reports on progress from staff responsible for the process or outside parties, be they attorneys or any other collection agents appointed by Council.

11.12.3 The Municipality will establish procedures and codes of conduct with such outside parties. In the case of employed debtors, garnishee orders, are preferred to sales in execution, but both are part of the Municipality's system of debt collection procedures.

11.12.4 All steps in the credit control procedure will be recorded for the Municipality's records and for the information of the debtor.

11.12.5 All costs of this process will be for the account of the debtor.

11.12.6 Individual debtor accounts are protected and are not the subject of public information. However, the Municipality may release debtor information to credit bureaus and the property owner in respect of his/her lessee(s). This release will be in writing or by electronic means and will be covered in the agreement with customers.

11.12.7 The Municipality may consider the cost effectiveness of the legal process, and will receive reports on relevant matters and report to the Executive Mayor.

11.12.8 Upon recommendation from the Municipal Manager, Council may consider the use of agents and innovative debt collection methods and products. Cost effectiveness, the willingness of agents to work under appropriate codes of conduct and the success of such agents and products will be part of the agreement Council might conclude with such agents or service providers.

11.12.9 Customers will be informed of the powers and duties of such agents and their responsibilities, including their responsibility to observe agreed codes of conduct.

11.12.10 Any agreement concluded with an agent or product vendor shall include a clause whereby breaches of the code of conduct by the agent or vendor will constitute termination of the contract.

11.12.11 If, after the due date an amount due for rates is unpaid by the owner of the property, the Municipality may recover the amount, in whole or in part, from the tenant or occupier of the property, after it has served written notice on the tenant or occupier. The Municipality may recover the outstanding amount despite any contractual obligation to the contrary on the tenant or occupier.

11.12.12 If, after the due date an amount due for rates is unpaid by the owner of the property, the Municipality may recover the amount, in whole or in part, from the agent of the owner, if this is more convenient for the Municipality, after it has served written notice on the agent.

The agent must on request from the Municipality, provide a statement reflecting all payments made to the agent for the owner during a period determined by the Municipality.

### **11.13 COST OF COLLECTION**

All costs of legal processes including interest, penalties, service discontinuation costs and legal costs associated with credit control and debt collection, where ever applicable, are for the account of the debtor and should reflect at least the cost of the particular action.

### **11.14 CLEARANCE CERTIFICATE**

11.14.1 In terms of section 118(3) of the Act an amount due for municipal service fees, surcharges on fees, property rates and other municipal taxes, levies and duties is a charge upon the property in connection with which the amount is owing and enjoys preference over any mortgage bond registered against the property,

11.14.2 The municipality will require an estimation of up to four month before issuing clearance figures.

11.14.3 All payments will be allocated to the registered seller's municipal accounts and all refunds will be made to such seller unless advised otherwise.

**11.14.3 Clearance figures for all accounts handed over to debt collectors may make provision for Collection costs at the approved commission percentage.**

11.14.4 The Municipality will only issue a clearance certificate once a completed prescribed application form from the conveyancer has been received.

11.14.5 Where any residential or non-residential debtor has entered into an arrangement with the Municipality in respect of the arrears on a property, the prescribed certificate as referred to in Section 118 of the Systems Act, will not be issued until such time as the full outstanding amount have been paid. Should the certificate be issued on payments for three months preceding the date of clearance, the outstanding balance will be due and against the property or any owner thereof with or without their knowledge on transfer.

11.14.6 Accordingly, all such municipal debts shall be payable by the owner of such property without prejudice to any claim which the municipality may have against any other person,

11.14.7 On application for clearance any arrangements, acknowledgement of debt shall be cancelled, and all debts on the property shall become due, owing and payable.

11.14.8 The payments of clearance certificate must be made in cash or by irrevocable bank guarantee, or attorney's trust cheque, there shall be no refunds on cancellation of sale, and the certificate shall be valid for a period of 60 days from date of issue.

11.14.9 No Clearance certificate, in terms of section 118 of the Municipal Systems Act, will be issued where the registered owner (and, in this instance, the seller) has not complied with any relevant legislation, policy or agreement relating to the property in question;

11.14.10 By virtue of registration of the property, the registered owner accepts liability for all services rendered by the City to the said property, except as provided for in other legislation or policy;

11.14.11 All figures issued in terms of section 118 of the Systems Act will only be valid for the validity period attached to such figures and only payments made within the validity period will, for the Purpose of issuing the certificate, be offset against these figures. A late payment made will be regarded as a payment on account and may be offset against any debt of such debtor.

11.14.12 Polokwane Municipality reserves the right to pursue the debt incurred by the seller by lodging an interdict with a competent court prior to any transfer to obtain a court order ordering the sale in execution of a property.

## **11.15 BUSINESS RESCUE**

31.1 In terms of Section 118 (3) of the Systems Act, an amount due for municipal service fees, surcharge on fees, property rates and other municipal taxes, levies and duties is a charge upon the property in connection with which the amount is owing and enjoys preference over any mortgage bond registered against the property. Accordingly

31.1.1 Where in terms of the Companies Act, 2008, a company is required to publish a notice in terms of subsection (3)(a) or (4)(b) of Section 129 relating, respectively to the adoption of a resolution to be placed under business rescue or the appointment of a business rescue practitioner, it must simultaneously give notice to the Municipality by registered post for the attention of Manager of Revenue.

## **11.16 DECEASED ESTATES**

11.15.1. The Executor or representative of a Deceased Estate shall be liable for payment of all debts on the property.

11.15.2. The purposes of liability for an account, including a consolidated account, the occupier or occupiers of a property which vests in a deceased estate where neither an executor nor representative has been appointed, will be regarded as the Deemed Owner. The municipality may request a deemed owner to sign a services agreement. Where there is more than one occupier on the property, every occupier will be jointly and severally liable for an account or consolidated account.

11.15.3. "Deemed Ownership" does not confer any rights on an occupier other than the liability to pay the accounts.

11.15.4. Failure by the executor to inform the Municipality that the property forms part of a deceased estate may result in the disconnection of services, until an executor or representative has been appointed.

11.15.5 Where a deceased estate is insolvent (liabilities exceed all assets) and a property is sold by the executor pursuant to section 34 of the Administration of Deceased Estates Act, 1965 (Act 66 of 1965), the Municipality enjoys preferent creditor status in terms of section 118 (1) of the MSA. Accordingly, no revenue clearance certificate will be issued until all amounts assessed for the prescribed 2 year period, have been paid. The balance of the debt will be dealt with as guided by the law on the administration of deceased estates.

#### **11.17 IRRECOVERABLE DEBT**

11.16.1 Debt will only be considered as irrecoverable if it complies with the following criteria:-

(a) All reasonable notifications and cost effective legal avenues have been exhausted to recover a specific outstanding amount; or

(b) any amount equal to or less than R1 000.00, or as determined by Council from time to time, will be considered too small, after having followed basic checks, to warrant further endeavours to collect it; or

(c) The cost to recover the debt does not warrant the further action; or

(d) The amount outstanding is the residue after payment of a dividend in the rand from an insolvent estate; or

1. There is a danger of a contribution; or

2. No dividend will accrue to creditors; or

(e) A deceased estate has no liquid assets to cover the outstanding amount following the final distribution of the estate; or

Where the estate has not been reported to the Master and there are no assets of value to attach; or

(f) It has been proven that the debt has prescribed; or

(g) The debtor is untraceable or cannot be identified so as to proceed with further action; or

(i) The debtor has emigrated leaving no assets of value to cost effectively recover Councils' claim; or

(h) it is not possible to prove the debt outstanding; or

(i) a court has ruled that the claim is not recoverable; or

(j) The outstanding amount is due to an irreconcilable administrative error by the Municipality.

#### **11.18 ABANDONMENT OF CLAIMS**

11.17.1 The Municipal Manager must ensure that all avenues are utilised to collect the Municipality's debt.

11.17.2 There are some circumstances, as contemplated in section 109(2) of the Act, that allow for the valid termination of debt collection procedures, such as:-

a) The insolvency of the debtor, whose estate has insufficient funds.

b) A balance being too small to recover, for economic reasons considering the cost of recovery.

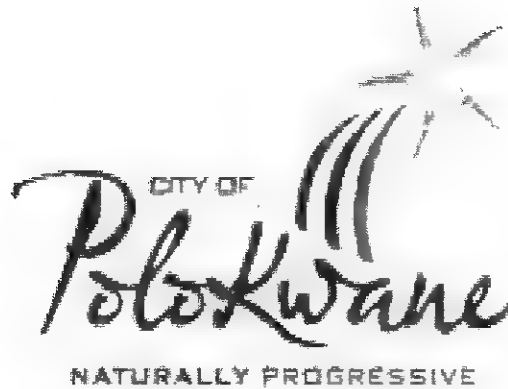


c) Where Council deems that a debtor or group of debtors are unable to pay for services rendered.

11.17.3 The Municipality will maintain audit trails in such an instance, and document the reasons for the abandonment of the action or claim in respect of the debt.

## **12. SHORT TITLE**

This policy will be called Credit control and debt collection policy of Polokwane municipality



Draft Review

**DRAFT - INDIGENT & SOCIAL ASSISTANCE POLICY**

As reviewed on 26/02/2019 during a special revenue committee meeting held at technical boardroom. Waiting Council approval

**2019/2020**

**PREAMBLE**

**Whereas** section 152 of the Constitution of the Republic of South Africa requires the Local government to ensure the provision of services in a sustainable manner, and whereas section 97 of the Municipal Systems Act prescribes that such policy must provide for 'provision for Indigent debtors that is consistent with its rates and tariff policies and any national policy on indigents'.

**Now therefore** the Municipal Council of the Municipality of Polokwane adopts the Indigent Policy as set out in this document.

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## 1. DEFINITIONS

For the purpose of this policy, unless the context indicates otherwise, any word or expression to which a meaning has been attached in the Act shall bear the same meaning and means:-

<b>Authorized representative</b>	The person or instance legally appointed by the Council to act or to fulfil a duty on its behalf.
<b>Basic service</b>	The amount or level of any municipal service that is necessary to ensure human dignity and a reasonable quality of life and which, if not provided, could endanger public health or safety of the environment. For the purpose of this Policy basic services will be restricted to electricity, refuse, sewerage, water and any other rebates or exemptions as approved by Council.
<b>Chief Financial Officer</b>	An officer of the municipality appointed as the Head of the Budget and Treasury Directorate and includes any person acting in such position
<b>Council or Municipal Council</b>	A municipal council referred to in section 18 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998) and for purposes of this policy, the municipal council of the Municipality of Polokwane.
<b>Customer</b>	Any occupier of any property to which the Municipality has agreed to supply services or already supplies services to, or if there is no occupier, then the owner of the property.
<b>Defaulter</b>	A person who owes money in respect of a municipal account after the due date for payment has expired.
<b>Household</b>	A Property and all its occupants.
<b>Interest</b>	A levy with the same legal priority as service fees and calculated on all amounts in arrears in respect of assessment rates and service levies at a standard rate as approved by Council.
<b>Municipal account or</b>	The proper and formal notification by means of a statement of account, to persons liable for monies levied and indicating the net accumulated

<b>Municipal billing</b>	balance of the account, specifying charges levied by the Municipality.
<b>The Act</b>	The Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) as amended from time to time.
<b>Indigent</b>	A poor / needy household that qualifies and receives benefits in accordance to this policy.
<b>Indigent Levy</b>	A fixed charge payable by qualifying Indigent households levied on a monthly basis.
<b>Subsidy</b>	The financial relief granted to qualifying indigent households

## 2. OBJECTIVES

The objectives of this Policy are to:-

- a) Provide a framework within which the Municipality can exercise its executive and legislative authority with regard to the implementation of financial aid to indigent and poor households in respect of their municipal account;
- b) Determine the criteria for qualification of Indigent households;
- c) Ensure that the criteria is applied correctly and fairly to all applicants;

## 3. PRINCIPLES

- a) The administrative integrity of the Municipality must be maintained at all costs. The democratically elected councillors are responsible for the adoption of the policy, while it is the responsibility of the Municipal Manager to ensure the execution of this policy;
- b) Applicants must complete an official application form, which is to be submitted together with the supporting documents as specified in this policy, where applicable;
- c) The municipality may at its own discretion convert all conventional meters to prepaid services.

## 4. CRITERIA FOR INDIGENT HOUSEHOLDS

To qualify as 'Indigent household, a household must comply with the following criteria:-

- a) The total household income may not exceed the sum of two times the amount of state funded social grants plus two child grants currently as determined by the National Treasury of RSA from time to time.
- b) The applicant must be a permanent resident of the property.
- c) The applicant must be a South African citizen.
- d) The applicant who owns more than one property will only be granted Indigent assistance on the property of primary occupation. Polokwane Municipality reserves the right to reverse indigent benefits of an additional property should there be evidence that the applicant has applied for indigent assistance on additional properties.
- e) The applicant may not necessarily be the owner of the property but could also be the occupier including a child headed family. Provided that they meet other requirements.
- f) The Municipality reserves the right to consolidate separate accounts of one property in instances where the owner of the property is deceased.

## 5. SUBSIDY

The subsidies below will be funded from the Equitable share contribution received from National Treasury. The subsidies will only be granted to qualifying households to the extent that the above-mentioned funds are available for allocation.

- a) The qualifying Indigent households may receive the following subsidy per month.
  - 100% rebate of the basic charges for electricity per month
  - 100% rebate of the availability charge for sewerage per month
  - 100% rebates on sewer connection charge per month.
  - 100% rebate of the basic charge for refuse removal per month
  - 100% rebate of refuse charge per month
  - 100% rebate on property rates
  - 100kwh electricity consumption subsidy per month (cumulative on Pre-paid)
  - 50kWh of electricity per month is consumed in urban and 50kWh Eskom supply Area

- 6kl Water consumption subsidy per month (cumulative on Pre-paid)

b) Other Rural Benefits/subsidy

- Basic water
- Other alternative energy
- Basic refuse removal
- Basic sanitation

c) Exemption may be granted for connection or deposit fees to qualifying indigents or poor household subject to approval by the Chief Financial Officer or Delegate.

## 6. APPLICATION FOR A SUBSIDY

The customer may apply in person at a customer care front office, Civic Centre.

The following documents must be submitted with the application form:-

- Certified copy of the applicant's South African identity;
- Proof of income of the applicant (e.g. a letter from employer/ salary advice/ proof of pension/ bank statement);
- Written proof of child headed family or letter of authority from a Social Worker, and/or Traditional leader and Ward Councillor where the property is situated;
- Bank statement for the past three month of the applicant and spouse where applicable;
- Any other proof or confirmation/ evidencing the qualification as indigent;
- Letter of Authority in case of deceased persons estate from the magistrate or Master of High Court declaring Executorship, where necessary;
- Marriage certificate for married applicants;
- Sworn Affidavits that Gross household income is less than the threshold set by council and that the information supplied is true and all income is declared;
- The applicant must complete the sworn statement that forms part of the application form; and
- Should the applicant be unable to apply in person, due to medical reasons, his / her application may be certified by a Commissioner of oaths, or a community worker.

## 7. PUBLICATION OF NAMES OF QUALIFYING APPLICANTS

The Municipality may publish names and property description of the applicants receiving subsidies in terms of this policy for inspection and objection.

## 8. FALSE INFORMATION

A person who provides false information will be disqualified and be denied further participation in the subsidy scheme. In addition, the beneficiary will be held liable for the payment of any incorrect subsidies already granted and legal action, civil or criminal may be instituted against the guilty party/parties.

## 9. INFORMATION AUDIT/ VERIFICATION

The Municipality reserves the right to send officials and / or representatives of the Municipality to the household or site of the applicant(s) at any reasonable time, with the aim of carrying out a local verification of the accuracy of the information provided by the applicant(s).





Such audit will be conducted on a continuous basis as and when municipality require.

a) Verification – Site Visit

The Municipality may utilise the services of a service provider to perform an on-site verification.

b) Verification – External Scan

An external scan, of applicants recommended as suitable candidates for an indigent grant, may be conducted with UIF, SARS, Department of Welfare, Retail and Credit Bureau.

## **10. DURATION OF SUBSIDY**

If the municipality obtains information that indicates that the circumstances of the beneficiary has changed to such an extent that he / she no longer qualifies for the subsidy, the Municipality reserves the right to suspend the subsidy.

The municipality may require the indigent beneficiary to renew their indigent status periodically as and when required.

## **11. AMOUNT IN ARREARS**

Beneficiaries with municipal accounts in arrears at the time of the application (approval) for a subsidy, may have such arrear amounts written off upon approval depending on availability of budget/funds.

A consumer will only qualify for a write off once per account for every three years if the status did not change or as prescribed from time to time by council.

## **12. REGISTER**

The register may contain the name of the applicant, the name of the registered owner of the property, the identity number of the applicant, the contact details, the suburb, stand number, sub-division, street address, ward number and application date.

This Indigent register will be updated on monthly basis as and when applications are received.

## **13. APPROVAL, COMPLAINT MANAGEMENT AND DISPUTE RESOLUTION**

Complaint or dispute management will be managed by the Revenue Executive committee established by the Revenue Manager.

The Revenue Executive Committee will comprise only of senior revenue officials not limited to The Revenue Manager, Revenue Assistant managers, Senior Accountant and Accountants.

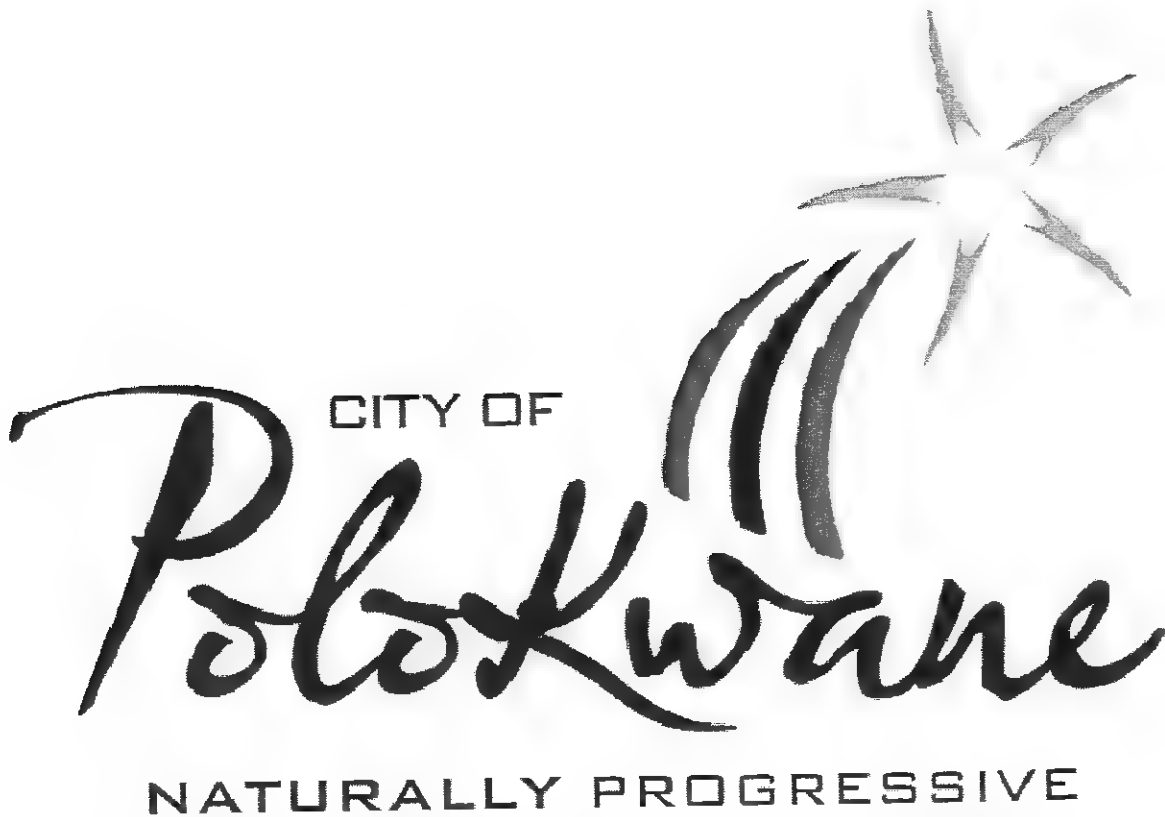
The Revenue Executive Committee must meet at least once per month. The Indigent Committee must consider each complaint; assess it in terms of this policy and any other information which members may have in respect of the applicant.

## **14. INDIGENT LEVY**

An Indigent levy will be charged to the account of all approved indigents in accordance with the approved schedule of tariffs.

#### **15. SHORT TITLE**

This policy shall be called the Indigent and social support Policy of the Polokwane Municipality



# PROPERTY RATES POLICY

2019/2020

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## PREAMBLE

**WHEREAS** section 229 of the Constitution of the Republic of South Africa empowers municipalities to levy property rates, subject to national legislation;

**AND WHEREAS** section 2 of the Local Government: Municipal Property Rates Act No. 6 of 2004 is the national legislation that empowers a municipality to levy a rate on property in its area;

**AND WHEREAS** in terms of section 3(1) of the Local Government: Municipal Property Rates Act No. 6 of 2004 the council of a municipality must adopt a rates policy consistent with the Act on the levying of rates on rateable property in the municipality;

**AND WHEREAS** section 3(2) of the Local Government: Municipal Property Rates Act No. 6 of 2004 prescribes what issues are to be addressed in the rates policy;

**AND WHEREAS** any exemptions, rebates or reductions provided for in the Rates Policy must, in terms of section 3(5) of the Local Government: Municipal Property Rates Act No. 6 of 2004, comply and be implemented in accordance with a prescribed national framework;

**NOW THEREFORE** the Council of the Polokwane Municipality has adopted the Policy as set out hereunder: -

## 1. DEFINITIONS

For the purpose of this Policy any word or expression to which a meaning has been assigned in the Act, shall bear that same meaning in this Policy, and unless the context indicates otherwise:

<b>"Act"</b>	means the Local Government: Municipal Property Rates Act, No. 6 of 2004 (Act No. 6 of 2004) as amended;
<b>"Agricultural property"</b>	means a property that is used primarily for agricultural purposes but, without derogating from section 9, excludes any portion thereof that is used commercially for the hospitality of guests, and excludes the use of a the property for the purpose of ecotourism or for the trading in or hunting of game.
<b>"Annually"</b>	means once every financial year;
<b>"Bona fide farmer"</b>	means a farmer who is carrying on farming operations where his/her actions as well as his/her intentions are genuine intentions to develop land as a farming proposition.
<b>"Business and commercial"</b>	means the activity of buying, selling or trade in goods or services and includes any office or other accommodation on the same erf, the use of which is incidental to such business, with the exclusion of the business of mining, agriculture, farming, or inter alia, any other business consisting of cultivation of soils, the gathering in of crops or the rearing of livestock or consisting of the propagation and harvesting of fish or other aquatic organisms.
<b>"Category"</b>	(a) in relation to property, means a category of properties determined in terms of Section 7 of this policy; and (b) In relation to owners of properties, means a category of owners determined in terms of Section 5 of this policy.
<b>"Child-headed household"</b>	means a household where the main caregiver of the said household is younger than 18 years of age. Child-headed household means a household headed by a child as defined in the section 28(3) of the Constitution.
<b>"Exemption"</b>	in relation to the payment of a rate, means an exemption granted by a Municipality in terms of Section 15 of the Act;
<b>"Illegal use"</b>	means a use that is inconsistent with or in contravention with the permitted use of the property, including advertising sign, in which event and without condoning the use thereof the property will be valued in accordance with section 46(2)(b) & (c) of the Act.

<b><i>“Industrial”</i></b>	means a branch of trade or manufacturing, production assembling or processing of finished or partially finished products from raw materials or fabricated part, on so large scale that capital and labour are significantly involved.
<b><i>“Indigent”</i></b>	means an indigent person referred to in the Indigent Support Policy of the Council
<b><i>“Multiple purpose”</i></b>	in relation to a property, means the use of a property for more than one purpose;
<b><i>“Municipal properties”</i></b>	means those properties of which the municipality is the registered owner.
<b><i>“Mining”</i></b>	means any operation or activity for the purpose of extracting any mineral on, in or under the earth, water or any residue deposit, whether by underground or open working or otherwise and includes any operation or activity incidental thereto;
<b><i>“Owner”:</i></b>	<p>(a) in relation to a property referred to in paragraph (a) of the definition of <i>“property”</i>, means a person in whose name ownership of the property is registered;</p> <p>(b) in relation to a right to in paragraph (b) of the definition of <i>“property”</i>, means a person in whose name the right is registered;</p> <p>(c) in relation to a land tenure right referred to in paragraph (c) of the definition of <i>“property”</i>, means a person in whose name the right is registered or to whom it was granted in terms of legislation; or</p> <p>(d) in relation to public service infrastructure referred to in paragraph (d) of the definition of <i>“property”</i>, means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of <i>“publicly controlled”</i> : Provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:</p> <p>(i) a trustee, in the case of a property in a trust excluding state trust land;</p> <p>(ii) an executor or administrator, in the case of a property in a deceased estate;</p> <p>(iii) a trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;</p> <p>(iv) a judicial manager, in the case of a property in the estate of a person under judicial management;</p> <p>(v) a curator, in the case of a property in the estate of a</p>



	<p>person under curatorship;</p> <p>(vi) a person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude;</p> <p>(vii) a lessee, in the case of a property that is registered in the name of a municipality and is leased by it; or</p> <p>(viii) a buyer, in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer;</p>
<b>“Permitted Use”</b>	<p>Means the limited purposes for which the property may be used in terms of:</p> <p>I. A condition of title.</p> <p>II. A provision of the Polokwane applicable Town Planning or land use scheme as amended from time to time.</p> <p>III. Any legislation applicable to any specific property or properties.</p>
<b>“Pensioner”</b>	<p>refers to a person who is at least 60 years of age and is in receipt of a total monthly income from all sources (including the income of the spouse of the owner) not exceeding an amount to be determined by the Council;</p>
<b>“Property”</b>	<p>means:</p> <p>(a) immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;</p> <p>(b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;</p> <p>(c) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or</p> <p>(d) public service infrastructure</p>
<b>“Publicly controlled”</b>	<p>means owned by or otherwise under the control of an organ of state, including:</p> <p>(a) a public entity listed in the Public Finance Management Act 1999 (Act No 1 of 1999);</p> <p>(b) a municipality; or</p> <p>(c) a municipal entity as defined in the Municipal Systems Act 32 of</p>

	2000
<b><i>“Public service infrastructure”</i></b>	<p>means publicly controlled infrastructure of the following kinds:</p> <ul style="list-style-type: none"> <li>(a) national, provincial or other public roads on which goods, services or labour move across a municipal boundary;</li> <li>(b) water or sewer pipes, ducts or other conduits, dams, water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public;</li> <li>(c) power stations, power substations or power lines forming part of an electricity scheme serving the public;</li> <li>(d) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;</li> <li>(e) railway lines forming part of a national railway system;</li> <li>(f) communication towers, masts, exchanges or lines forming part of a communications system serving the public;</li> <li>(g) runways aprons and the air traffic control unit at national or provincial airports; including the vacant land known as the obstacle free zone surrounding these, which must be vacant for the air navigation purposes;</li> <li>(h) breakwaters, sea wall, channels, basins, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or navigational aids comprising of lighthouses, radio navigational aids, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels;</li> <li>(i) any other public controlled infrastructure as may be prescribed; or</li> <li>(j) a right registered against immovable property in connection with infrastructure mentioned in paragraphs (a) to (i);</li> </ul>
<b><i>“Rate”</i></b>	means a municipal rate on property envisaged in Section 229(1)(a) of the Constitution;
<b><i>“Rateable property”</i></b>	means property on which a municipality may in terms of Section 2 of the Act levy a rate, excluding property fully excluded from the levying of rates in terms of Section 17 of the Act;
<b><i>“Ratio”</i></b>	in relation to section 19, means the relationship between the cent amount in the rand applicable to residential properties and different categories of non-residential properties: Provided that the two relevant cent amounts in the Rand are inclusive of any relief measures that amount to rebates of general application to all properties within a

	property category;
<b><i>“Rebate”,</i></b>	in relation to a rate payable on a property, means a discount granted in terms of Section 15 of the Act on the amount of the rate payable on the property;
<b><i>“Reduction”,</i></b>	in relation to a rate payable on a property, means the lowering in terms of Section 15 of the Act of the amount for which the property was valued and the rating of the property at that lower amount;
<b><i>“Residential property”</i></b>	means a property included in a valuation roll in terms of section 48 (2)(b) in respect of which the primary use or permitted use is for residential purposes, without derogating from section 9;
<b><i>“Smallholding”</i></b>	refers to property, whether improved by the construction of a dwelling or not, not large enough to support a commercially viable farming operation, but able to provide a subsistence level of output to the owner of the property;
<b><i>“Sporting bodies”</i></b>	refers to organisations whose sole purpose is to use the property owned by them for sporting purposes, whether for gain or not;
<b><i>“Vacant land”</i></b>	means a property where no immovable improvements have been erected or improved property with the improvements contributing less than 10% of the market value of the property but excludes vacant land forming part of the remainder of a township.

## **2. BACKGROUND**

### **2.1 INTRODUCTION**

The Local Government Municipal Property Rates Act (Act no 6 of 2004) as amended from time to time requires a municipality to develop and adopt a rates policy consistent with the Act on the levying of rates on rateable property in the Municipality.

Property rates are the most reliable source of revenue for the Municipality. Services financed from rates include installation and maintenance of streets, roads, sidewalks, lighting, and storm water drainage facilities, building and operating clinics, parks, recreational facilities and cemeteries. Property rates revenue is also used to fund municipal administration such as computer equipment, stationery, and costs of Governance, such as Council and community meetings, which facilitate community participation on issues of Integrated Development Plans (IDPs) and municipal budgets.

The Council has resolved, in compliance with the provision of the Act, to impose a rate and as a consequence, this rates policy has been developed within the parameters of the applicable legislation relating to property rates.

### **2.2 GUIDING PRINCIPLES**

The following principles will ensure that the Municipality treats persons liable for rates equitably in terms of the Act:

- (a) Ratepayers with similar properties will pay similar levels of rates
- (b) The ability of ratepayers to pay their rates will be taken into account by the Council in dealing with the indigent's ratepayers. The municipality will provide relief measures through exemptions, reduction and rebates.
- (c) The determination of the tariffs and the levying of rates must allow the Council to promote local, social and economic development.
- (d) The municipality will in amending this policy commits itself to a process of community participation.

## 2.3 STRATEGIC FOCUS

In determining the rates, exemptions, rebates and reductions, the Council may consider the following:

- (a) the impact of rates on the community,
- (b) the impact of rates on business
- (c) the Integrated Development Plan (IDP) of Council
- (d) the impact of rates on the Local Economic Development (LED) strategy of the Council
- (e) the impact of the new rating system on poor residential households and agricultural communities
- (f) when determining the rates on properties the following aspects must be taken into account namely:
  - (i) the effects of rates on the poor, including appropriate measures in order to alleviate the rates burden on them; and
  - (ii) the effect of reaching the objectives set out in paragraph 2.4 of this policy.
- (g) in developing or amending this policy, the Council commits itself to a process of community participation as envisaged in section 4 of the Act and chapter 4 of the Municipal Systems Act, 2000 (Act No 32 of 2000) (MSA). In addition to the requirements laid down in the MSA, the Council will engage interested parties and structures, such as ratepayer organisations, directly in the process of community participation. In addition, use will be made of established community consultation structures, such as Ward committees, to ensure thorough participation with regard to the afore-mentioned process.

## 2.4 OBJECTIVES OF THE POLICY

The key objectives of the policy are to:

- (a) ensure that all owners of rateable property are informed about their liability to pay assessment rates;
- (b) specify relief measures for ratepayers who may qualify for relief or partial relief in respect of the payment of rates through exemptions, reductions and rebates contemplated in section 8 of this policy and section 15 of the Act;
- (c) set out the criteria to be applied by the Council if it increases rates and levies differential rates on different categories of property;
- (d) provide for categories of public benefit organisations, approved in terms of Section 30(1) of the Income Tax Act, 1962 (Act no 58 of 1962) as amended, which ratepayers

are eligible for exemptions, reductions and rebates and therefore may apply to the Council for relief from rates;

- (e) recognise the state, organs of state and owners of public service infrastructure as property owners;
- (f) encourage the development of property;
- (g) Ensure that all persons liable for rates are treated equitably as required by the Act.
- (h) determine the level of increases in rates
- (i) Provide for exemption, rebates and reductions.

### **3. ANNUAL OPERATING BUDGET AND POLICY REVIEW**

The Council must annually consider the levying of rates during the annual budget process when it is tabled in the council in terms of section 16(1) of the Municipal Finance Management Act and if necessary, amend its rates policy. Any amendments to the rates policy must take into account public comments and inputs.

In determining the level of increases in the rates, the criteria to be applied include the following:

- (a) The inflation rate as indicated by the consumer price index;
- (b) Take into consideration the medium term budget growth factors as determined by National Treasury guidelines.

### **4. LEVYING OF RATES**

#### **4.1 RATE TO BE LEVIED ON ALL RATEABLE PROPERTIES**

4.1.1 When levying rates, the Council must, subject to section 7 (1) of the Act levy rates on all rateable property in its area.

4.1.2 Section 7(2) of the Act does not: -

(a) oblige a municipality to levy rates on –

- i) properties of which the Council is the owner;
- ii) public service infrastructure
- iii). properties referred to in (b) of the definition of “property” of this policy; or
- iv) properties in respect of which it is impossible or unreasonably difficult to establish a market value because of legally insecure tenure resulting from

past racially discriminatory laws or practices including rural areas without individual legal title.; or

- (b) Prevent the Council from granting in terms of section 15 (1) of the Act exemptions from, rebates on or reductions in rates levied.
- (c) Council will levy some of its properties based on condition of the lease agreement. (e.g. Notarial leases)

4.1.3 Council will levy rates on leased properties unless provided otherwise in terms of the lease agreement.

4.1.4 State owned property no longer qualifies for any rates rebate by virtue of ownership. However, the exemptions, rebates and reductions relating to the usage of properties as specified in this Property Rates Policy would apply.

#### **4.2 AMOUNT DUE FOR RATES:**

A rate in the rand is determined annually by the Council during the budget process.

#### **4.3 PERIOD FOR WHICH RATES MAY BE LEVIED**

In terms of Section 12 of the Act,

- (a) When levying rates, a municipality must levy the rate for a financial year and the rate lapses at the end of the financial year for which it was levied.
- (b) The levying of rate must form part of the municipality's annual budget process and a municipality must annually during its budget process review the amount in the Rand of its current rates in line with its annual budget for the next financial year.
- (c) The rates levied for a financial year may be increased during the financial year only as provided for in Section 28(6) of the Municipal Finance Management Act.

#### **4.4 THE EFFECTIVE DATE OF THE RATES POLICY:**

The rates policy takes effect from 1 July 2018 and subject to review on an annual basis.

### **5. DIFFERENT CATEGORIES OF PROPERTIES**

5.1 The categories of property are determined according to dominant use of the property irrespective of the permitted use in terms of the Town Planning scheme. However, council may consider actual use for purposes of rating multiple and illegal use.

5.2 The Council has determined the following categories of property for purposes of rating:

- (1) residential properties
- (2) industrial properties
- (3) business and commercial properties
- (4) farm properties used for:
  - (i) Agricultural purposes;
  - (ii) Other business and commercial purpose;
  - (iii) Industrial purposes;
  - (iv) Residential purposes; or
  - (v) Purposes other than those specified above (Remainder);
- (5) smallholdings used for:
  - (i) Agricultural purposes;
  - (ii) Residential purposes;
  - (iii) Industrial purposes;
  - (iv) Business and commercial purposes; or
  - (v) Purposes other than those specified above;
- (6) state-owned properties;
- (7) municipal properties;
- (8) public service infrastructure;
- (9) privately owned towns serviced by the owner;
- (10) informal settlements;
- (11) mining and quarries;
- (12) vacant land;
- (13) protected areas;
- (14) properties on which national monuments are proclaimed;
- (15) properties used for multiple purposes;
- (16) places of worship
- (17) public benefit organization property
  - i. Private Schools
  - ii. Private sport/social clubs and section 21 companies
- (18) illegal use



5.3 The Council has determined the following ratios relevant to each category to the rate on residential properties for purposes of tariff rating:

Category	Ratio
(1) residential properties	1.00
(2) industrial properties	2.00
(3) business and commercial properties	2.00
(4) farm properties used for:	
i. agricultural purposes;	0.25
ii. other business and commercial purpose;	2.00
iii. industrial purposes	2.00
iv. residential purposes; or	1.00
v. purposes other than those specified above;	0.25
(5) small holdings used for:	
i. agricultural purposes;	0.25
ii. residential purposes;	1.00
iii. industrial purposes;	2.00
iv. business and commercial purposes; or	2.00
v. purposes other than those specified above;	2.00
(6) state-owned properties;	
state-owned properties; schools	2.00
state-owned properties; residential	1.00
state-owned properties; vacant land	2.00
state-owned properties; for public benefit organization	0.25
state-owned properties; for agricultural purposes	0.25
state-owned properties; for business purpose	2.00
state-owned properties; for industrial purpose	2.00
state-owned properties; private commercial purposes	2.00
(7) municipal properties;	
(leased property will be levied in terms of category)	0.00
(8) public service infrastructure;	0.25
(9) privately owned towns serviced by the owner;	1.00
(10) informal settlements;	0.00
(11) mining and quarries;	2.00
(12) vacant land;	2.00
(13) protected areas;	0.00
(14) properties on which national monuments are proclaimed;	0.00
(15) properties used for multiple purposes;(Actual use to be billed)	0.00
(16) places of worship	0.00
(17) Properties owned by public benefit organisations	0.25
(18) Illegal use	8.00
(19) Private schools	2.00
(20) Private sport/social clubs & section 21 companies	2.00

## 6. CRITERIA FOR EXEMPTIONS, REDUCTIONS AND REBATES

The following will be taken into consideration for the purpose of granting exemptions, reductions and rebates:

- (a) Indigent status of the owner of a property
- (b) Sources of income of the owner of a property; and
- (c) Social or economic conditions of the area where the owners of property are located e.g. an area declared by the national or provincial government to be a disaster area within the meaning of Disaster Management Act 57 of 2002, to the extent that the property was significantly negatively affected.

## **7. CATEGORIES OF OWNERS OF PROPERTY FOR PURPOSES OF EXEMPTIONS, REDUCTIONS AND REBATES.**

7.1 The Council has determined the following categories of owners of property or categories of properties in terms of section 15 of the Act.

- (a) Residential
- (b) Indigent owners
- (c) Child headed households
- (d) Pensioners
- (e) Disability grantees/medically boarded persons
- (f) Owners of property situated within an area affected by a natural disaster
- (g) Municipal
- (h) Sporting bodies
- (i) Public benefit organizations/Non-Governmental Organisations (NGO's) and Cultural Organisations
- (j) Protected areas
- (k) Public & private schools, universities & colleges.
- (l) Owners of property situated within an area affected by any other serious adverse social or economic conditions
- (m) Owners of properties used for bona fide farming purposes

## **8. EXEMPTIONS, REDUCTIONS AND REBATES**

The Municipality may, in terms of criteria set out in this Policy exempt a specific category of owners of properties, or the owners of a specific category of properties, from the payment of a rate levied on their property, or grant to a specific category of owners of properties, or

to the owners of a specific category of properties, a rebate on or a reduction on the rates payable in respect of their properties in terms of Section 15 of the Act.

### **8.1 RESIDENTIAL**

In addition to the impermissible rate on the first R15 000 of the market value of residential in terms of section 17(1)(h) of the Act a further reduction of R85 000 will be applicable.

### **8.2 INDIGENT OWNERS**

The Council has adopted an Indigent Support Policy that provides for the alleviation of the rates burden on the low income sectors of the community within the Municipality. Owners of property who qualify for the assistance provided by this Policy must make application to access the relief provided.

### **8.3 CHILD HEADED HOUSEHOLDS**

The Council has adopted an Indigent Support Policy that provides for the alleviation of the rates burden on child headed households within the Municipality. Qualifying households must make application to access the relief provided in terms of Indigent Support Policy.

### **8.4 PENSIONERS**

Pensioners may receive a reduction and a rebate of an amount as determined by Council from time to time, subject to the following -

**The applicant must:**

(a) Be the registered owner of property within the following categories of properties:

- Residential;
- Farm properties used for Residential purposes
- Small Holding user for Residential purposes

(b) Produce a valid South African bar coded identity document or Smart Identity Card;

(c) Where couples are married in community of property and the property is registered in both their name, the age of the eldest will be the qualifying factor;

(d) A once-off application must be submitted with the implementation of every new valuation roll. The applicant applies only once for the reduction and it remains valid for the duration of the valuation roll. The municipality may at its own discretion request the applicants to renew applications.

- (e) Not be in receipt of an indigent assessment rate rebate;
- (f) The applicant must permanently reside on the property;
- (g) Confirm the aforementioned details by means of a sworn affidavit.

The rebate shall be as follows:

Monthly Income	Rebate
Less than R8 798.00	80%

**Subject to the following conditions**

- (a) An applicant must on 2018-07-01 be at least 60 years of age and or disabled except in the case of owners depended on social grants.
- (b) An applicant or his/her wife/husband must be the registered owner as well as the occupant of the property concerned.
- (c) An application for rebate on the prescribed application form should reach the office of the Chief Financial Officer during the financial year, or when invitation is done by the municipality for registration or renewal.
- (d) Should any incorrect information be furnished in the application form, property rates will be levied at the normal tariff as from 2018-07-01.
- (e) A rebate will only be granted in respect of a property on which only one dwelling is erected and such dwelling be occupied by the applicant and his/her dependants.
- (f) The required information must be confirmed by a sworn affidavit.
- (g) Indigent owners will not qualify for this rebate.

**The pensioner's reduction and rebate will lapse:**

- (a) Rebates granted in error or due to false or incorrect information supplied by the applicant, will be reversed immediately from the date of inception of the rebate.
- (b) Where the applicant ceases to meet all the relevant qualifying criteria.
- (c) When the property undergoes a category change and no longer meets the qualifying criteria for Relief.
- (d) On death of the applicant;
- (e) On the date of transfer of property
- (f) On alienation of the property;
- (g) When the applicant ceases to reside permanently on the property;
- (h) On expiry of validity period of valuation roll.

## 8.5 DISABILITY GRANTEES AND / OR MEDICAL BOARDED PERSONS

Disability grantees and or medically boarded persons may receive a reduction and a rebate of an amount as determined by Council from time to time, subject to the following –

The applicant must:

- (a) Be in possession of a disability card or provide medical proof of disability;
- (b) Be the registered owner of property within the following categories of properties:
  - Residential;
  - Farm properties used for Residential purposes
  - Small Holding user for Residential purposes
- (c) Produce a valid identity document;
- (d) Not be in receipt of an indigent assessment rate rebate;
- (e) Must reside permanently on the property concerned which consists of one dwelling only and no part thereof is sub-let;
- (f) A once-off application must be submitted with the implementation of every new valuation roll. The applicant applies only once for the reduction and it remains valid for the duration of that valuation roll; and
- (g) Confirm the aforementioned details by means of a sworn affidavit.

The disability and medically boarded reduction will lapse:

- (a) on death of the applicant;
- (b) on alienation of the property; or
- (c) when the applicant ceases to reside permanently on the property;
- (d) on expiry of validity period of valuation roll

## 8.6 NATURAL DISASTERS

Properties that have been damaged by a natural disaster, as defined in terms of the Disaster Management Act 57 of 2002, shall be re-valued as at date of such natural disaster, in accordance with the Act.

On application by the owner of the property damaged, as defined, the Council may fully or partially suspend the levying of rates on that property, as determined by Council from time to time.

## **8.7 MUNICIPAL**

Property owned by Council and used for purposes of service delivery is exempted from paying rates. Municipal properties that are leased or rented out will be categorised and rated in accordance with the provisions of the Act.

## **8.8 SPORTING BODIES**

Sporting bodies may, on application, be granted a rebate as determined by Council from time to time. Applicants must produce a tax exemption certificate issued by the South African Revenue Services (SARS) as contemplated in Part 1 of the Ninth Schedule of the Income Tax Act, 1962 (Act 58 of 1962).

The rebate will lapse:

- (a) On alienation of the property; or.
- (b) if any such land or building is used for any purpose other than the purpose so exempted;
- (c) on expiry of validity period of valuation roll

## **8.9 PUBLIC BENEFIT ORGANISATIONS / NON GOVERNMENTAL ORGANISATIONS AND CULTURAL ORGANISATIONS**

The following Public Benefit Organisations/ Non-Governmental Organisations may be exempted from paying rates as determined by council from time to time:

### **a) Welfare & Humanitarian Institutions**

Properties used exclusively as an orphanage, non-profit retirement villages, old age home or other non-profit institution for the benefit of the public or a section thereof, provided that any profits from the use of the property are used entirely for the benefit of the institution and / or for charitable purpose.

### **b) Animal Welfare**

Property registered in the name of and used by institutions/ organisations whose exclusive aim is to protect birds, reptiles and other animals on a non-profit basis.

**c) Cultural**

- (h) Property registered in the name of a declared institution in terms of the Cultural Institutions Act (Act 119 of 1998 as amended) promoting the cultural aims as defined in section (6)(a) and (b) of the Ninth Schedule to the Income Tax Act (Act 58 of 1962 as amended) which reads as follows:
  - (a) The advancement, promotion or preservation of the arts, culture or customs
  - (b) The promotion, establishment, protection, preservation or maintenance of areas, collections or buildings of historical or cultural interest, national monuments, national heritage sites, museums, including art galleries, archives and libraries.
- (iii) Property registered in the name of a cultural organization or any organization which is, in the opinion of the municipality, promoting the cultural aims as defined in section (6)(c) of the Ninth Schedule to the Income Tax Act (Act 58 of 1962 as amended).

Exemptions may be subject to the following conditions:

- (a) Application must be made in writing in the prescribed format and will be valid for duration of validity period of valuation roll;
- (b) Applicants must produce a tax exemption certificate issued by the South African Revenue Services (SARS) as contemplated in Part 1 of the Ninth Schedule of the Income Tax Act, 1962 (Act 58 of 1962);
- (c) The Municipal Manager or his/her nominee must approve all applications;
- (d) The Council retains the right to refuse exemptions if the details supplied in the application form are incomplete, incorrect or false;
- (e) If during the currency of any financial year, any such land or building is used for any purpose other than the purpose so exempted, the Council shall impose rates thereon or on such portion so used, at a rate proportionate to the period of such use.

The rebate will lapse:

- (a) On alienation of the property; or
- (b) If any such land or building is used for any purpose other than the purpose so exempted;
- (c) On expiry of validity period of valuation roll

#### **8.10 PROTECTED AREAS/NATURE RESERVES/CONSERVATION AREAS**

Nature reserves and conservation areas subject to section 17(1)(e) of the Act.

Newly proclaimed nature reserves/conservation areas may receive an exemption upon application and production of the relevant proclamation.

The rebate will lapse:

- (a) On alienation of the property; or
- (b) If any such land or building is used for any purpose other than the purpose so exempted;
- (c) On expiry of validity period of valuation roll

#### **8.11 PUBLIC AND PRIVATE SCHOOLS, UNIVERSITIES AND COLLEGES**

The following categories of owners may receive a rebate as determined by Council from time to time –

- (a) Public schools which are State funded;
- (b) Private schools which are not State funded in terms of section 34 of the South African Schools Act, 1996 (Act No. 84 of 1996) and are registered as independent schools in terms of the South African Schools Act, 1996 (Act No. 84 of 1996)
- (c) Universities; and
- (d) Technical and other colleges

#### **8.12 OWNERS OF PROPERTY SITUATED WITHIN AN AREA AFFECTED BY ANY OTHER SERIOUS ADVERSE SOCIAL OR ECONOMIC CONDITIONS**

A property classified by Council Resolution under this category may receive a rebate of 50%.

#### **8.13 OWNERS OF PROPERTIES USED FOR BONA FIDE FARMING PURPOSES**

Properties used for bona fide agricultural purposes with the property owner deriving his principle source of income from produce of the land may not receive a rebate.

#### **8.14 OWNERS OF BUSINESS OR INDUSTRIAL PROPERTY WITH HIGH MARKET VALUES**



Properties used for business or industrial purposes whose improved market value is R50 000 000 and above will receive rebates as follows but limited to one rebate each property (5% or 10% or 20% based on market value):

Market Value R 50 000 000 – R 99 999 999	5% rebate
Market Value R 100 000 000 – R 499 999 999	10% rebate
Market Value R 500 000 000 and above	20% rebate

#### **8.15 OWNERS OF RESORTS ON AGRICULTURAL OR RURAL LAND**

Properties on agricultural or rural land used for resort purposes and the improved market value is above R30 000 000 will receive a rebate of 20%, excluding eco-tourism.

#### **8.16 OWNERS OF DEVELOPMENT LAND – REMAINDER OF TOWNSHIPS**

The remainder of a township will be valued, categorised and rated according to Farm properties used for other (remainder) as a category within the policy.

#### **8.17 RELIGIOUS ORGANISATIONS**

Religious organisations such as places of public worship and the official residence are excluded from payment of rates in terms of section 17 of the Act.

### **9. SPECIAL RATING AREAS**

9.1 The Council may by resolution establish special rating areas and levy an additional rate on property in that area for the purpose of raising funds for improving or upgrading that area.

9.2 Any exclusion, exemption, reduction or rebate granted in terms of this policy does not affect the additional rate payable by the owner in a Special Rating Area.

### **10. MULTIPURPOSE PROPERTIES**

10.1 In case of multiple purpose properties will be valued in terms of section 9(2) of the Municipal property rates Act, apportioned and assigned to dominant use of the property irrespective of the permitted use in terms of the Town planning scheme.

### **11. PUBLIC SERVICES INFRASTRUCTURE**

In terms of section 17(1) of the Act, Public Service Infrastructure will not be rated on the first thirty (30) percentage of the market value.

## **12. CORRECTION OF ERRORS AND OMISSIONS**

12.1 Where the rates levied on a particular property have been incorrectly determined, whether because of an error or omission on the part of the municipality or false information provided by the property owner concerned or a contravention of the permitted use to which the property concerned may be put, the rates payable shall be appropriately adjusted for the period extending from the date on which the error or omission is detected back to the date on which rates were first levied in terms of the current valuation roll in line with the legislation.

## **13. LIABILITY FOR RATES:**

### **13.1 PROPERTY RATES PAYABLE BY OWNERS**

- (a) Rates levied on a property must be paid for by the owner of the property.
- (b) Joint owners are jointly and severally liable for payment of rates on the property.
- (c) The municipality will deliver monthly accounts to the latest address on the municipality's record, however Rates payers remains liable for the payment of the rates whether or not an account has been received and if the account was not received the onus shall be on the rate payer concerned should make necessary enquiries with the municipality.
- (d) A special rate will be required for each Section 78 application after the period allocated in terms of section 49 of the Act has lapsed.

### **13.2 METHOD AND TIME OF PAYMENT:**

Council shall recover an annual levy payable:

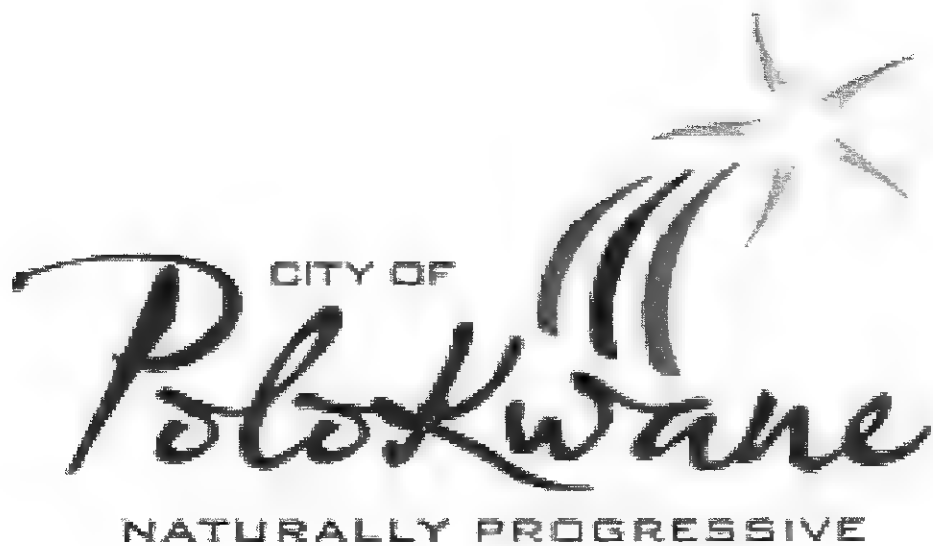
- (a) On a monthly basis in twelve (12) near equal instalments on or before the due date as determined by council; or
- (b) Single or one (1) annually amount, as may be agreed to with the owner of the property on or before the due date as determined by council
- (c) Interest on arrear rates shall be charged at the rate determined by council from time to time.'
- (d) An incentive may be offered to residential rate payers if annual rates are settled before due date in July of each year limited to 10% discount.

**13.3 PAYMENT AND RECOVERY OF RATES:**

Payment and recovery of rates shall be in accordance with Council's Credit Control and Debt Collection policy and relevant By-laws.

**14. SHORT TITLE**

This policy shall be called the Property Rates Policy of the Polokwane Municipality for financial year 2018/2019.



**TARIFF POLICY  
2017/18**

Approved by Council on the 29<sup>th</sup> May 2017

**PREAMBLE**

**Whereas** section 74 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) requires a municipal council to adopt a tariff policy on the levying of fees for municipal services;

**And whereas** the tariff policy should at least include the principles contained in section 74(2) of the Act, thus giving effect to the By-Law required in terms of section 75 of the Act;

**And whereas** the tariff policy may differentiate between different categories of users, debtors, service providers, service standards and geographical areas as long as such differentiations do not amount up to unfair discrimination;

**Now therefore the** Municipal Council of the Polokwane Municipality adopts the following Tariff Policy:

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## 1. DEFINITIONS

For the purpose of this Policy any word or expression to which a meaning has been assigned in the Act, shall bear that same meaning in this Policy, and unless the context indicates otherwise:

<b>"basic service"</b>	means the amount or level of any municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, could endanger public health or safety of the environment and for the purposes of this policy are restricted to electricity, refuse, sewage and water services;
<b>"break even"</b>	means the financial situation where the income derived by the Municipality from the supply of a service is equal to the aggregate of the fixed and the variable costs associated with the provision of the service concerned;
<b>"capital contributions"</b>	means the tariffs payable in respect of the water, electricity, sewage, storm water, roads and refuse removal infrastructure of the Municipality and which amounts exclude amounts payable towards the operational and maintenance costs of such infrastructure;
<b>"Commercial Unit/Erff"</b>	means a self-contained or lettable section within a building or a group of buildings on the same plot excluding short term residential accommodation establishments for e.g. hotels, bed & breakfast, guest houses etc. An owner of a commercial property may annually choose between being levied either per erf or per commercial unit for water and sewage basic charges. This choice must be applied on or before 30 September of each financial year.
<b>"community services"</b>	means the services referred to in paragraph 5(1)(c) and in respect of which the tariffs are set at a level that the costs of the services are not recovered fully from public service charges and are of a regulatory nature;
<b>"consumer, customer, owner, occupier, account holder"</b>	means individuals and other legal entities against whom a tariff, fee, charge or other levy specific to identifiable services are levied. The levying of tariffs, fees, charges, etc depends on statutory clauses, approved tariffs in terms of by-laws, contracts, agreements or tacit uses of services in certain circumstances. Such levies are payable on presentation of any invoice or monthly statement issued by the Municipal Manager. Payments are due by the date indicated for the transaction in an agreement, contract or on an invoice or monthly statement, as the case may be;
<b>"Council" or "municipal council"</b>	means a municipal council referred to in section 18 of the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998) and for purposes of this policy, the municipal council of the Municipality of Polokwane;
<b>"economic services"</b>	means services that the Council has classified as such and the tariffs have been compiled with the intention that the total costs of the services are recovered from customers;
<b>"lifeline"</b>	Available to pre-paid consumers whose connection is $\leq 30$ Amp with a maximum average consumption of 350 kWh measured over a period of 12 months. This tariff is only available to Informal dwellings in informal settlements;
<b>"fixed costs"</b>	means costs which do not vary with consumption or volume produced;
<b>"multi-purpose"</b>	In relation to a property, means the use of a property for more than one purpose;
<b>"Municipality"</b>	the institution that is responsible for the collection of funds and the provision of services to the customers of Polokwane;

<b>"Municipal Manager"</b>	means the accounting officer appointed in terms of section 82 of the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998) and being the head of administration and accounting officer in terms of section 55 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) and includes any person:- (a) acting in such position; and (b) to whom the Municipal Manager has delegated a power, function or duty in respect of such a delegated power, function or duty;
<b>"resident "</b>	means a person who normally resides in the municipal area;
<b>"residential unit"</b>	Means a single residential erven, flats, townhouse and group development, retirement villages, guest houses, bed and breakfast and households related consumers that do not fall in one of the above household consumer categories;
<b>"the Act"</b>	means the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000);
<b>"total cost"</b>	means the sum of all fixed and variable costs associated with a service;
<b>"trading services"</b>	means services that the Council has classified as such and the tariffs have been compiled with the intention that the Council makes a profit from the delivery of the services;
<b>variable costs"</b>	means costs that vary with consumption or volume produced;
<b>"wet Industry"</b>	Defined as an industry using water as essential and fundamental input in the production process.

## 2. PURPOSE OF POLICY

The Polokwane Municipality wishes to achieve the following objectives by adopting this tariff policy:-

- (a) To comply with the provisions of section 74 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000).
- (b) To prescribe procedures for calculating tariffs where the Municipality wishes to appoint service providers in terms of section 76(b) of the Act.
- (c) To give guidance to the Portfolio Committee for Finance regarding tariff proposals that must be submitted to Council annually during the budgetary process.
- (d) To ensure that there is consistency in how the tariffs are applied throughout the Municipality.
- (e) To ensure municipal services are financially sustainable, affordable and equitable.
- (f) Determining cost effective tariff as far as possible.
- (g) To ensure affordability of basic services to the community.
- (h) To ensure the needs of the indigents aged and disabled are taken into consideration.

## 3 TARIFF PRINCIPLES

The Polokwane Municipality wishes to record that the following tariff principles will apply:-



- (a) Service tariffs imposed by the Municipality shall be viewed as user charges and shall not be viewed as taxes, and therefore the financial ability of the relevant user of the services to which such tariffs relate, shall not be considered as a criterion. (Except in the case of the indigent relief measures approved by the Municipality from time to time.)
- (b) The Municipality shall ensure that its tariff is uniformly and fairly applied throughout the Municipal area of jurisdiction where billing for services is implemented.
- (c) Tariffs for the four major services rendered by the Municipality, namely:
  - (a) Electricity;
  - (b) Water;
  - (c) Sewage (waste water); and
  - (d) Refuse removal (solid waste),

shall, as far as possible, be calculated at a level which will recover all expenses associated with the rendering of these services.

- (d) During the annual budget processes the Municipality shall, as far as circumstances reasonably permit, ensure that the tariffs levied in respect of the four major services generate operating surpluses.
- (e) Surpluses generated on major services will be determined during the approval of the annual operating budget.
- (f) Surpluses generated on major services shall be applied in relief of property rates or for the future capital expansion of the services concerned or both.
- (g) To prevent existing consumers from subsidising the capital costs associated with new developments and subdivisions the Municipality will plan and manage the extension of services in such a manner that it will not impact negatively on the fixed costs and availability charges of existing tariffs.
- (h) Capital contributions to finance new developments and subdivisions will be required from all developers.
- (i) All users of municipal services, within a category of users, will be treated equitably.
- (j) The amount payable by consumers and/or owners will generally be in proportion to usage of the service.
- (k) The Municipality shall develop, approve and at least annually review an indigent support policy for the municipal area. This policy shall set out clearly the Municipality's cost recovery policy in respect of the tariffs which it levies on registered indigents, and the implications of such policy for the tariffs which it imposes on other users and consumers in the municipal region.
- (l) Subject to annual budgetary provisions and the availability of funds from National Treasury through the equitable share contribution the Municipality may consider supplying free basic services to categories of consumers.
- (m) In the case of directly measurable services, namely electricity and water, the consumption of such services shall be properly metered by the Municipality, and meters shall be read, wherever circumstances reasonably permit, on a monthly basis.
- (n) In addition to the above, the Municipality shall levy monthly availability ( where services are available but not connected)/ or basic charges for the services concerned, and those charges shall be fixed for each type of property as determined in accordance with its appropriate policies. Generally, consumers of water and electricity shall therefore pay two charges;
  - A basic charge which is levied because of the availability of the service concerned or a basic charge which is unrelated to the volume of

consumption and is levied because of fixed costs such as salary of staff related to the provision of the service, capital costs and insurance of infrastructure; and

- A consumption charge directly related to the consumption of the service in question.
- (o) Tariffs must reflect the total cost of services.
- (p) Tariffs must be set at a level that facilitates the sustainability of services.

Sustainability will be achieved by ensuring that:-

- (a) Cash inflows cover cash outflows. This means that sufficient provision for working capital and bad debts will be made.
- (b) Access to the capital market is maintained. This will be achieved by providing for the repayment of capital, maintaining sufficient liquidity levels and making profits on trading services in order to subsidise property rates and general services.
- (c) Service providers retain a fair rate of return on their investments.
- (q) Provision may be made in appropriate circumstances for surcharges on tariffs.
- (r) Efficient and effective use of resources may be encouraged by providing for penalties to prohibit or restrict exorbitant use.
- (s) The extent of subsidisation of tariffs will be disclosed and such disclosure will include the extent of subsidisation of the indigent or incentives for local development.
- (t) Provisions may be made for the subsidisation of the indigent and the promotion of local economic development by creating costs votes in the service budgets and including the costs in tariff calculations.
- (u) VAT is excluded in all tariffs
- (v) This policy shall be binding on all tariffs other than those governed by legislation which supersedes the Act.
- (w) A property used for multiple purposes must, for purposes related to the services concerned and the categories of users will be calculated at the appropriate and applicable rate for each distinct use of the property.
- (x) In order to provide the Municipality with appropriate security for payment of amounts owing to it from time to time for services rendered, the Council shall impose a system of deposits payable by customers. The deposits shall be set with due regard to the potential financial risk associated with the amounts owing from time to time as well as sufficient provision for working capital. The level of the deposits shall be revised annually and the Municipality may introduce transitional arrangements in respect of existing users.

#### **4 CATEGORIES OF CONSUMERS**

4.1 Separate tariff structures may be imposed for the following categories of consumers (which the council may change) :

- (a) Domestic consumers;
- (b) Commercial consumers;
- (c) Industrial consumers;
- (d) Agricultural consumers;
- (e) Organs of state;
- (f) Municipality;
- (g) Consumers with whom special agreements were made;
- (h) Consumers in certain geographical areas;

- (i) Sport and recreation facilities
- (j) Private schools & educational institutions; and
- (k) Public benefits organizations and suchlike institutions.

4.2 Council may differentiate between different categories of users, debtors, service providers, services, service standards, geographical areas and other matters as long as the differentiation does not amount to of these tariffs be assigned to a category determined by the council for properties used for a purpose corresponding with the dominant use of the property if the Municipality cannot readily make an apportionment in unfair discrimination.

4.3 Where there are substantial differences between the infrastructures used to provide services to specific groups of users within a category and/or standard of services provided, the Council can, after considering a report by the Municipal Manager or the relevant Director, determine differentiated tariffs for the different consumers within the specific category.

4.4 Differentiated tariffs must be based on one or more of the following elements; Infrastructure costs, volume usage, availability and service standards.

4.5 If, for purposes of determining the tariff applicable to a particular user or category of users, the user or category of users has not specifically by definition been included under a defined category of users, the Municipal Manager shall, by applying the closest match principle, determine the category under which the user or category of users fits in best taking into account the nature of the service concerned and the user or category of users involved.

## **5 INCENTIVE POLICY**

5.1. Tariffs will not reflect incentives for investment or to promote economic development.

## **6. INDIGENT RELIEF**

- 6.1. Tariffs will not reflect relief granted to indigent households. Such relief will be developed as a separate policy and be subject to the discretion of Council as to its sustainability.
- 6.2. All such relief will be reflected, accounted for and disclosed separately in invoices, account statements, budgets, financial statements or reports.
- 6.3. During implementation of such policy, recognition will be taken that the existing tariffs and procedures may require amendment to accommodate the above clauses and that such amendments will be phased in over time.
- 6.4. Indigent households are expected to manage their consumption of services within the levels of relief granted.
- 6.5. Assistance and management of indigent households is contained in the Customer Care and Debt Collection Policy/By-Law. The Municipality, however, retains the right to limit consumption through prepaid meters or restriction if the accounts of assisted households fall into arrears.

## **7. SERVICE, EXPENDITURE CLASSIFICATION AND COST ELEMENTS**

### **7.1. Service classification**

7.1.1. To isolate the costs associated with a service, the Municipal Manager shall, subject to the guidelines provided by the National Treasury, Generally Recognized Accounting Practice (GRAP) and Executive Mayoral Committee of the Council, provide for the classification of services into the following categories:-

- (i) Trading services;
- (ii) Economic services;
- (iii) Community services; and
- (iv) Subsidized services.

7.1.2. Trading and economic services must be financially ring-fenced and financed from service charges while community and subsidized services will be financed from rates and related income.

## 7.2. Expenditure classification

Expenditure will be classified in accordance with GRAP.

## 7.3. Cost elements

The following cost elements may be used to calculate the tariffs of the different services:-

- (a) "*Fixed costs*" which consist of the capital costs (interest and redemption) on external loans as well as internal advances and/or depreciation, whichever are applicable to the service, and any other costs of a permanent nature as determined by the Council from time to time.
- (b) "*Variable costs*" which include all other variable costs that have reference to the service.
- (c) "*Total cost*" which is equal to the fixed costs and variable costs.

## 8. TARIFF TYPES

In determining the type of tariff applicable to the type of service, the Municipality shall make use of any of the following five options or a combination thereof:-

### 8.1. "Single tariff":-

This tariff shall consist of a cost per unit consumed. All costs will be recovered through unit charges at the level where income and expenditure breaks even. Subject to a recommendation by the Municipal Manager, the Council may decide to approve profits on trading services during the budget meeting. Such profits will be added to the fixed and variable cost of the service for the purpose of calculating the tariffs.

### 8.2. "Cost related two to four part tariff":-

This tariff shall consist of two to four parts. Management, capital, maintenance and operating costs may be recovered by grouping certain components together, e.g.

management, capital and maintenance costs may be grouped together and may be recovered by a fixed charge, independent of consumption for all classes of consumers, or the total costs may be recovered by a unit charge per unit consumed. Three and four part tariffs may be used to calculate the tariff for electricity and to provide for maximum demand and usage during limited demand.

### 8.3. **“Inclining block tariff”:-**

This tariff is based on consumption levels being categorized into blocks, the tariff being determined and increased as consumption levels increase.

### 8.4. **“Declining block tariff”:-**

This tariff is the opposite of the inclining block tariff and decreases as consumption levels increase.

### 8.5. **“Regulating tariff”:-**

This tariff is only of a regulatory nature and the Municipality may recover the full or a portion of the cost associated with rendering the service.

### 8.6. **“Cost plus mark-up tariff”:-**

This tariff is for other services rendered.

## 9. **CALCULATION OF TARIFFS FOR MAJOR SERVICES**

### 9.1. **General**

In order to determine the tariffs which must be charged for the supply of the four major services (electricity, refuse, sewage and water), the Municipality shall use service and expenditure classifications and cost elements contained in clause 7 and identify all the costs associated with the service concerned, including the following:-

9.1.1. Cost of bulk purchases in the case of electricity and water.

9.1.2. Distribution costs, including distribution losses in the case of electricity and water.

9.1.3. Depreciation and finance charges.

9.1.4. Maintenance of infrastructure and other assets.

9.1.5. Administration and service costs, including:-

- (a) service charges levied by other support services, such as finance, human resources and legal services;
- (b) reasonable general overheads, such as the costs associated with the office of the Municipal Manager;
- (c) adequate contributions to the provisions for bad debts, working capital and obsolescence of stock;

- (d) all ordinary operating expenses associated with the service concerned, including the cost of providing street lighting in the municipal area in the case of the electricity service.

9.1.6. The intended surplus to be generated for the financial year shall be applied generally in relief of rates and general services.

9.1.7. Where a consumer has an option to choose between different tariffs on a service such option must be executed before 30 September to be implemented for the specific financial year.

## 9.2. Electricity

9.2.1. The guidelines and policy issued by the National Energy Regulator from time to time will form the basis of calculating tariffs.

9.2.2. The Municipality has standardized on the use of Pre Payment Meters for all Domestic Consumers. As such it is compulsory for all new domestic connections to be equipped with Pre Payment Meters. The Municipality has embarked on a program to effect the migration of all Credit Meters to Pre Payment Meters. The change from Pre Payment Meters to Credit Meters will therefore be disallowed unless special health circumstances exist, in which extreme case a credit meter will be installed by special concession from the Director of Engineering Services and by payment of the required change of meter fees as well as the required deposit.

9.2.3. To make electricity affordable to certain categories of consumers, cross subsidisation between and within categories of consumers will be allowed, based on the load factors of the categories and consumers within the category.

9.2.4. The fixed costs, or portions thereof, will be recovered through an energy or time-of-use charge.

9.2.5. A basic charge per electricity meter or unit in the municipal area, as determined by the Council from time to time, may be charged against all electricity consumers.

9.2.6. To apply the abovementioned principles, the consumer types and cost allocations reflected in the following table will be used:-

Categories of Consumers	Tariff Components			
	Basic/Demand/.Service Charge (Rand/consumer/month)	Active Energy Charge (cent/kWh/month)	Seasonally Time-of-use Energy Charge Peak / Standard /Off-peak (sent/kWh/month)	Capacity Charge (Rand/KVA/month)
Single Phase: (Domestic Credit/Conventional meters)				IBT BLOCK 1) 0 - 50 kWh 2) 51 – 350 kWh 3) 351-600 kWh 4) > 600kWh
Single Phase: (Domestic Pre-paid meters)				IBT BLOCK 1) 0 - 50 kWh 2) 51 – 350 kWh 3) 351-600 kWh

<b>Single Phase:</b> (Commercial-credit meter)	X	X		Flat rate
<b>Single Phase:</b> (Pre –Paid meter )	X	X		Flat rate
<b>Three Phase:</b> (Domestic Credit meter) ≤ 100A	X	X		<b>IBT BLOCK</b> 1) 0 - 50 kWh 2) 51 – 350 kWh 3) 351-600 kWh
<b>Three Phase:</b> (Domestic Pre-paid meter) ≤ 100A	X	X		<b>IBT BLOCK</b> 1) 0 - 50 kWh 2) 51 – 350 kWh 3) 351-600 kWh 4) > 600kWh
<b>Three Phase:</b> (Commercial Credit meter) ≤ 100A	X	X		Flat Rate
<b>Three Phase:</b> (Commercial Pre-Paid meter) ≤ 100A	X	X		Flat Rate
<b>Bulk:</b>				
> 100 A	X	X		Flat Rate
Time of Use based on Ruraflex Munic			X	Flat Rate
<b>Departmental (Municipality)</b>		X		

(a) A basic level of service will be provided free to qualifying households with a total gross income level which is below a determined amount, and according to further specified criteria, as determined by Council from time to time.

(b) Where a property or unit is not connected to the electricity reticulation system, but can reasonably be so connected, an availability tariff will be payable.

9.2.7. A fixed basic charge for electricity will be levied on a monthly basis on certain properties or units.

9.2.8. Where consumers within an approved township establishment are not connected to the electricity services, but can reasonably be so connected, an availability tariff will be payable.

### 9.3. Water

9.3.1. The categories of water consumers as set out in clause 9.3.4 shall be charged at the applicable tariffs as approved by the Council in each annual budget.

9.3.2. The first 6kℓ of water consumption per month shall be supplied pro rata free of charge to all indigent water consumers.

9.3.3. Because water is a scarce national resource, and this Municipality is committed to the prudent conservation of such resources, the tariff levied for domestic consumption of water shall escalate according to the volume of water consumed.

9.3.4. The tariffs for consumption of purified water shall be based on the levels reflected in the following table:-

Category of Consumer	Basic Fixed Charge (Rand/meter/month)	Unit Charge per kl	Level of Consumption (Rand/kl/month)
DOMESTIC SUPPLY		X	0 – 5 KL 6 -15 KL 16 – 30 KL 31 -50 KL 51-100 KL >100 KL
NON-DOMESTIC SUPPLY	X	X	0 – 30 KL 31 -50 KL 51-100 KL >100 KL
INDUSTRIAL SUPPLY	X	X	0 – 30 KL 31 – 50 KL 51-100 KL 101-20 000 KL >20 000 KL
SILIKON SMELTERS	X	X	0 – 20 000 KL > 20 000 KL
PUBLIC WORKS	X	X	Flat Rate
DALMADA WATER CORPORATION & BROADLANDS	X	X	Flat Rate
SCHOOLS & HOSTELS	X	X	Flat Rate
POTGIETERSRUS PLATINUM LTD	X	X	Flat Rate
LEZMIN 3535	X	X	Flat Rate
Departmental (Municipality)		X	Flat Rate

9.3.5. After accounting for free water and basic charges, the cost of water in the first step will be calculated at break even.

9.3.6. A basic charge per water meter or unit in the municipal area, as determined by the Council from time to time, may be charged against certain water consumers.

9.3.7. Where consumers within an approved township establishment are not connected to the water services, but can reasonably be so connected, an availability tariff will be payable.

#### 9.4. Refuse Removal



9.4.1. A fixed monthly refuse removal charge shall apply to each category of users based on the costs of the service concerned and the applicable level of service, which can vary from once a week up to 7 times a week.

9.4.2. An availability charge per month will be levied on all erven or units within an approved township establishment where no building plan has been approved.

9.4.3. The fixed basic charge will be based on surface area of the erf or the floor area of the building or per skip container

Category of Consumer	Charge based on surface area of stand, erf or premises	Charge based on floor area of building	Level of Charge (Rand month)
<p>1. Dwelling houses, churches and church halls which are used for that purpose and</p> <p>2. Improved premises used exclusively by and registered in the name of the Boy Scouts, Girl Guides, Voortrekkers or a similar organization- per unit and</p> <p>3. Fats</p>	X		<p>(a) On an erf with a surface area not exceeding 500m<sup>2</sup></p> <p>(b) All erven with a surface area in excess of 500m<sup>2</sup></p> <p>(i) For the first 500m<sup>2</sup> of the surface area of the erf</p> <p>(ii) Thereafter, for the following 500m<sup>2</sup> or part thereof, of the surface area of the erf</p> <p>(iii) Thereafter, per 500m<sup>2</sup> or part thereof, of the surface area of the erf</p> <p>(iv) Maximum charge (11 000m<sup>2</sup>)</p>
State supported schools, technicons, colleges and universities and related amenities			Flat Rate per 1m <sup>3</sup> container
1. Hostels and related amenities for educating institutions and or		X	Per 300m <sup>2</sup> or part thereof, of the total floor area of the building

<p>2.Old age homes as well as youth centre's/homes whereof the body corporate is registered as a welfare organization in terms of applicable National Welfare Acts and or</p> <p>3.Homes, crèches or other similar amenities mainly used for the fulltime caring and/or education of the aged, crippled and intellectually/mentally handicapped and whereof the body corporate is registered as a welfare organization in terms of the applicable National Welfare Acts:</p>			
<p>1.Hotels licensed in terms of the Liquor Act, as amended and</p> <p>2.Non-residential buildings and sectional titles on industrially/commercially zoned stands and</p> <p>3.Any other building:</p>		X	<p>(i) Up to and including 300m<sup>2</sup> or part thereof, of the total floor area</p> <p>(ii) Thereafter, per 100m<sup>2</sup> or part thereof, of the total floor area of the building</p> <p>(iii) Maximum charges are applicable</p>
<b>Other Services</b>			
For the removal of domestic refuse where a mass container is specifically supplied for use by a specific premises			Flat Rate per mass container per removal
For the removal of garden refuse other than placed in plastic bags, per removal			Flat Rate per removal
For the removal of non-perishable refuse, excluding garden refuse			Estimated cost + 10%
Occasional Services:			Flat Rate per removal
Weltevreden Landfill Site Weighbridge.			Flat Rate per ton or part thereof.
Carcass removal and disposal thereof			Flat Rate per removal category

## 9.5. Sewage

### 9.5.1. APPLICATION FEES

The Engineer shall determine application fees in terms of the provisions of section 23(1) of the By Laws.

The assessment of the charges shall be based upon the total square area of the building, addition or alteration to an existing building. The charges are incorporated in the building plan fees and shall be payable in advance when the building plans are submitted. In case of any dispute arising in respect of the assessment of the application fees, the matter shall be subject to the right of appeal as determined in Section 3 of the By Laws.

### 9.5.2. SEWAGE CHARGES

The owner of any erf or piece of land, with or without improvements, which is, or in the opinion of the Council can be, connected to the sewer, shall monthly pay to the Council, in terms of the provisions of Section 5 of the By-Laws the following charges:

The categories of sewage users as set out below shall be charged monthly at the applicable tariff as approved by the Council in each annual budget:-

Category of Consumer	Charge based on surface area of stand, erf or premises	Charge based on floor area of building	Level of Charge
<b>1. Availability charges</b>			
(i) Improved residential erven with a surface area not exceeding 500m <sup>2</sup>			No Charge
<b>2. All other erven</b>	<b>X</b>		(i) For the first 500m <sup>2</sup> or part thereof, of surface area of the erf:  (ii) Thereafter, per 500m <sup>2</sup> or part thereof, up to 2 000m <sup>2</sup> of the surface area of the erf:  (iii) Thereafter, per 1 000m <sup>2</sup> or part thereof, of the surface area of the erf:

			(iv) Additional charge per unimproved erf:
			(v) Maximum charge (887 000m <sup>2</sup> ):
<b>3. Additional charges</b>			
1. Dwelling-houses, churches, church halls as well as buildings used exclusively by and registered in the name of the Boy Scouts, Girl Guides, Voortrekkers or similar organization.			<p>(i) For the first dwelling-house, church, church hall or other building mentioned in 2(1) above erected on any erf or piece of land, per building</p> <p>(ii) For the second or subsequent dwelling-house, church, church hall or other building mentioned in 2(1) above, per building</p>
2. Flats – per flat			Flat Rate
3. State supported schools, technicons, colleges, universities and related amenities, excluding hostels. per 35 personnel and pupils or part thereof:			Rate Per 35 personnel and pupils or part thereof
4. Amenities for lodging which include: <p>(i) Hostels and related amenities for educational institutions.</p> <p>(ii) Old age homes as well as youth centres/homes whereof the body corporate is registered as a welfare organisation in terms of the applicable National Welfare Acts -</p>			Rate Per 12 residents, personnel and pupils/students, or part thereof
(iii) Homes, crèches or other similar amenities mainly used for the full time care and/or education of the aged, crippled, mentally/intellectually handicapped where			Rate Per 8 residents and personnel or part thereof

the body corporate is registered as a welfare organization in terms of the applicable National Welfare Acts -			
(iv) Hotels licensed in terms of the Liquor Act, as amended:		X	For each 100m <sup>2</sup> or part thereof of the total floor area on each storey, including the basement and outbuildings available for hotel purposes
5. Non-residential buildings on industrially/commercially zoned stands:			<p>(i) For each bath (plunge bath and shower bath included) water closet, urinal pan or compartment, slop hopper, washing trough</p> <p>(ii) For each trough or channel used for, or destined to be used for urinal or water closet purposes, for each 650mm or part thereof</p>
			<p>For each grease trap:</p> <p>(i) Not in excess of 150mm in diameter</p> <p>(ii) In excess of 150mm up to and including 200mm in diameter</p> <p>(iii) In excess of 200mm up to and including 300mm in diameter</p> <p>(iv) In excess of 300mm in diameter</p>
6. Any other building or improvement:			<p>(i) For each bath (plunge and shower bath included) water closet, urinal pan or compartment, or slop hopper, or washing trough</p> <p>(ii) For each trough or channel used for or destined to be used for urinal or water closet purposes, for each 650mm or part thereof</p> <p>(iii) For each grease trap:</p>

			<p>(i) Not in excess of 150mm in diameter</p> <p>(ii) In excess of 150mm up to and including 200mm in diameter</p> <p>(iii) In excess of 200mm up to and including 300mm in diameter</p> <p>(iv) In excess of 300mm in diameter</p>
<b>4. CONSERVANCY TANKS</b>			
Erven that cannot be connected to the main sewer and where a conservancy tank is installed:			Flat rate per month

Charges for Industrial Effluent and for Chemical and Bacteriological Analysis will be calculated according to a formula which will be indicated in the Tariff of Charges on an annual basis.

#### 9.6 Minor tariffs

9.6.1 All minor tariffs shall be standardised within the municipal region.

9.6.2 All minor tariffs shall be approved by the Council in each annual budget and shall, when deemed appropriate by the Council, be subsidised by property rates and general revenues, particularly when the tariffs will prove uneconomical when charged to cover the cost of the service concerned, or when the cost cannot be determined accurately, or when the tariff is designed purely to regulate rather than finance the use of the particular service or amenity.

9.6.3 Minor tariffs may include but are not limited to the following:-

A	Administration	<ul style="list-style-type: none"> <li>Access to information</li> <li>Administration Costs</li> <li>Advertisements</li> <li>Bank cost on foreign accounts</li> <li>Deposit Consultation</li> <li>Duplicate Accounts</li> <li>Facsimiles</li> <li>Interest on Arrear Accounts</li> <li>Interest on Arrear Accounts</li> </ul>	<ul style="list-style-type: none"> <li>Management consultation</li> <li>Photocopies</li> <li>Placard / Poster Costs</li> <li>Section 62 Appeals</li> <li>Tender Objections</li> <li>Tender Participation Costs</li> <li>Top Management Consultation</li> <li>Trace of Direct Deposits</li> </ul>
B	Building Control	<ul style="list-style-type: none"> <li>Administration storage fee</li> <li>Alterations</li> <li>Building Plans</li> <li>Contravention Levy</li> <li>Demolition Fees</li> <li>Deposits</li> <li>Encroachments</li> <li>Heritage Investigations</li> </ul>	<ul style="list-style-type: none"> <li>Inspection Fees</li> <li>Land Use Planning</li> <li>Photocopies of Building Plans</li> <li>Plan Printing Fees</li> <li>Plan Scrutiny Fees</li> <li>Re-inspection fees</li> <li>Searching Fees</li> </ul>
C	Cemeteries	<ul style="list-style-type: none"> <li>Garden of Remembrance</li> <li>Grave-sites</li> </ul>	<ul style="list-style-type: none"> <li>Indication of grave</li> </ul>
D	Commercial Filming/Photographing	<ul style="list-style-type: none"> <li>Permits</li> </ul>	
E	Credit Control & Debt Collecting	<ul style="list-style-type: none"> <li>Administration fee</li> <li>Notices</li> </ul>	<ul style="list-style-type: none"> <li>Sheriff fee</li> <li>Tracing fee</li> </ul>
F	Dog Tax	<ul style="list-style-type: none"> <li>Licenses</li> </ul>	
G	Electricity	<ul style="list-style-type: none"> <li>Builders connection</li> <li>Bulk Service Development Fees</li> <li>Call-out fee</li> <li>Cancellation Fee</li> <li>Capital Contributions</li> <li>Certificates</li> <li>Change from Bulk to Time of use</li> <li>Change of Circuit Breaker</li> <li>Commission of Bulk Meter</li> <li>Connection and Disconnection of Service</li> <li>Consumer Deposits</li> <li>Contractor Inspection</li> <li>Conversion of meters</li> <li>Credit Control and Debt Collection</li> <li>Damaged meter</li> <li>Disconnection</li> <li>Extension Fee</li> </ul>	<ul style="list-style-type: none"> <li>Meter Verification</li> <li>MV Switching</li> <li>New Service Connections</li> <li>Reconnection</li> <li>Remedial Action Fee</li> <li>Removal of meter</li> <li>Rental of Equipment</li> <li>Repair of Cables or Additional Joints</li> <li>Repositioning of Meter</li> <li>Service Connections</li> <li>Special Meter Readings</li> <li>Still-off" inspections</li> <li>Street Lighting</li> <li>Sundry Services</li> <li>Tariff change</li> <li>Unsafe/illegal leads per visit</li> <li>Upgrading extension Fee</li> <li>Verification of meter reading</li> </ul>
H	Fire Services & Disaster Management	<ul style="list-style-type: none"> <li>Plot Clearing</li> </ul>	<ul style="list-style-type: none"> <li>Re-inspection Fee under the Bylaw</li> </ul>
I	Housing	<ul style="list-style-type: none"> <li>Administration</li> </ul>	<ul style="list-style-type: none"> <li>Rental</li> </ul>
J	Law Enforcement	<ul style="list-style-type: none"> <li>Business Licenses</li> <li>Bylaw on outdoor advertising</li> <li>Impoundment of Hawkers goods</li> </ul>	<ul style="list-style-type: none"> <li>Inspection Fees</li> <li>Pound fee Dogs and Cats</li> <li>Pound fee other animals</li> </ul>

K	Libraries	<ul style="list-style-type: none"> <li>Deposits</li> <li>Facsimiles</li> <li>Photocopies</li> <li>Scanning</li> <li>Internet Usage</li> <li>Lost Cards</li> </ul>	<ul style="list-style-type: none"> <li>Penalty for Late Return</li> <li>Rental of Library Amenities</li> <li>Reservations</li> <li>Special Requests</li> <li>Subscription</li> <li>Visitors Fee</li> </ul>
L	Municipal Buildings	<ul style="list-style-type: none"> <li>Deposits</li> <li>Rental of Amenities</li> </ul>	<ul style="list-style-type: none"> <li>Rental of Equipment</li> </ul>
M	Operational Cost	<ul style="list-style-type: none"> <li>Street Signage</li> </ul>	
O	Property Administration	<ul style="list-style-type: none"> <li>Application lease/purchase</li> <li>Encroachment Fee</li> </ul>	<ul style="list-style-type: none"> <li>Memorial Benches</li> <li>Radio Mask</li> </ul>
P	Public Works	<ul style="list-style-type: none"> <li>Felling and Pruning of Trees</li> <li>Private Work</li> <li>Sale of Miscellaneous Items</li> <li>Storm Water Drainage</li> </ul>	<ul style="list-style-type: none"> <li>Street Signage</li> <li>Tar and Patch Work</li> <li>Vehicle Entrances</li> </ul>
Q	Recreational Amenities	<ul style="list-style-type: none"> <li>Boat Launching</li> <li>Boat License/Permits</li> <li>Caravan Parks</li> <li>Community Halls</li> <li>Deposit</li> <li>Hawker Stalls Lagoons</li> <li>Lagoons</li> </ul>	<ul style="list-style-type: none"> <li>Office Rental</li> <li>Open Spaces</li> <li>Public Open Space</li> <li>Schuss Houses</li> <li>Spaces for Sport</li> <li>Sport Events</li> <li>Swimming pool</li> </ul>
R	Roads	<ul style="list-style-type: none"> <li>Capital Contributions</li> </ul>	<ul style="list-style-type: none"> <li>Bulk Service</li> <li>Development Fee</li> </ul>
S	Refuse Removal	<ul style="list-style-type: none"> <li>Capital Contributions</li> <li>Deposits</li> <li>Mass Containers</li> </ul>	<ul style="list-style-type: none"> <li>Refuse Bins</li> <li>Rental of Bulk Containers</li> <li>Replacement of Bulk Containers</li> <li>Self Dumping</li> </ul>
T	Sewage	<ul style="list-style-type: none"> <li>Bulk Service Development Fee</li> <li>Capital Contributions</li> <li>Connection of tanks</li> <li>Disposal</li> </ul>	<ul style="list-style-type: none"> <li>Service Connections</li> <li>Tank Services</li> <li>Testing of tanks</li> </ul>
U	Stony Point	<ul style="list-style-type: none"> <li>Annual Permit</li> </ul>	<ul style="list-style-type: none"> <li>Visitors</li> </ul>
V	Swimming Pool	<ul style="list-style-type: none"> <li>Entrance Fee</li> <li>Galas</li> </ul>	<ul style="list-style-type: none"> <li>Training session</li> </ul>
W	Town Planning	<ul style="list-style-type: none"> <li>Advertising Cost</li> <li>Application Fee</li> <li>Contravention Levy</li> <li>Departure Fee</li> <li>Extension of Time</li> <li>Land use planning Fee</li> </ul>	<ul style="list-style-type: none"> <li>Registered Letter</li> <li>Removal of Title Deed</li> <li>Restrictions</li> <li>Spatial Development</li> <li>Framework</li> <li>Sub-division</li> </ul>



<b>X</b>	Traffic	<ul style="list-style-type: none"> <li>▪ Deposits</li> <li>▪ Disabled Parking Tokens</li> <li>▪ Driver's Licenses</li> <li>▪ Escorting and Other Services</li> <li>▪ Learner's Licenses</li> <li>▪ Parking Meters</li> <li>▪ Professional Driver's Permits</li> </ul>	<ul style="list-style-type: none"> <li>▪ Removal of Vehicles</li> <li>▪ Roadworthy Certificates</li> <li>▪ Storage Fees</li> <li>▪ Taxi Rank Tokens</li> <li>▪ Towing Charge</li> <li>▪ Vehicle Registration</li> <li>▪ Wheel clamping fee</li> </ul>
<b>y</b>	Valuation	<ul style="list-style-type: none"> <li>▪ Access to Information</li> <li>▪ Clearance Certificates</li> <li>▪ Deeds Office Registrations</li> <li>▪ Impact studies</li> </ul>	<ul style="list-style-type: none"> <li>▪ Revaluation</li> <li>▪ Valuation Certificates</li> <li>▪ Valuation Roll</li> <li>▪ Voters' Roll</li> </ul>
<b>Z</b>	Water	<ul style="list-style-type: none"> <li>▪ Bulk Service Development</li> <li>▪ Call-out Fee</li> <li>▪ Capital Contributions</li> <li>▪ Connection &amp; Disconnection</li> <li>▪ Consumer Deposits</li> <li>▪ Convert to flow restrictor meter</li> <li>▪ Credit Control and Debt</li> <li>▪ Collection</li> <li>▪ Damaged Water Meter</li> <li>▪ Fee recalculation – no access</li> <li>▪ Final meter reading</li> <li>▪ Irrigation Water</li> <li>▪ Meter Testing</li> </ul>	<ul style="list-style-type: none"> <li>▪ New Service Connections</li> <li>▪ Registration of borehole</li> <li>▪ Remedial Action Fee</li> <li>▪ Rental of Equipment</li> <li>▪ Repair of meter</li> <li>▪ Repositioning of meter</li> <li>▪ Service Connections</li> <li>▪ Special Meter Readings</li> <li>▪ Still-off" inspections</li> <li>▪ Sundry Services</li> <li>▪ Temporary connections</li> <li>▪ Verification of meter reading</li> </ul>

9.6.4 The Municipal Manager shall maintain a list of all minor services indicating their unit of service for the purposes of determining tariffs, fees, charges and levies. Such list shall be reviewed annually together with the proposed tariffs, fees charges and levies.

## 10. NOTIFICATION OF TARIFFS, FEES AND SERVICE CHARGES

- 10.1. After a draft budget as required by the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003) has been tabled, the Municipal Manager must invite the local community to submit representations for consideration by the Council. Such invitation includes the draft resolutions on taxes and tariffs proposed.
- 10.2. After approval of the budget, the Council will give notice of all tariffs approved at the annual budget meeting at least 30 days prior to the date that the tariffs become effective.
- 10.3. A notice stating the purport of the council resolution, date on which the new tariffs shall become operational and invitation for objections will be advertised by the Municipality.
- 10.4. All tariffs approved must have been considered at the annual budget meeting.

## 11. IMPLEMENTING AND PHASING-IN OF THE POLICY

- 11.1. The principle contained in this Policy will be reflected in the various budget proposals submitted to the Council on an annual basis, service by-laws as

promulgated and adjusted by the Council from time to time and the Tariff By-laws referred to in section 75 of the Act.

- 11.2. The Council may determine conditions applicable to community service of a regulators nature. These conditions will be reflected in the standing orders of the Council.

## **12. PROCEDURES AND ACCOUNTABILITY**

- 12.1. The Municipal Manager shall ensure that procedures to manage all aspects of Policy are prepared in the form of a manual, reviewed regularly and that these are formally adopted by him/her for implementation. These procedures will include aspects in this Policy and subscribe to sound principles of internal control.
- 12.2. The Directors and Managers shall ensure compliance with the procedures as approved from time to time by the Municipal Manager to give effect to the provisions of this Policy.

## **13. SHORT TITLE**

This Policy shall be called the **Tariff Policy of the Polokwane Municipality**.

